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13 **UNITED STATES DISTRICT COURT**  
14 **DISTRICT OF NEVADA**

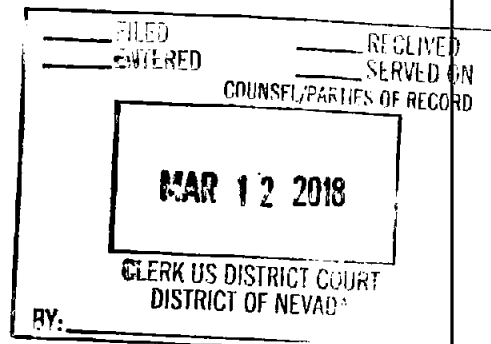
15 **FEDERAL TRADE COMMISSION,**

16 **Plaintiff,**

17 **v.**

18 **AWS, LLC, a Nevada limited liability company;**  
19 **FBA DISTRIBUTORS, LLC, a Massachusetts**  
20 **limited liability company; FBA STORES, LLC, a**  
21 **Nevada limited liability company; INFO PROS,**  
22 **LLC, a Nevada limited liability company; ONLINE**  
**AUCTION LEARNING CENTER, INC., a**  
**Massachusetts corporation; ONLINE AUCTION**  
**LEARNING CENTER, INC., a Nevada corporation;**  
**CHRISTOPHER F. BOWSER; ADAM S.**  
**BOWSER; and JODY MARSHALL,**

23 **Defendants.**



**2:18-cv-00442-JCM-PAL**

**FILED UNDER SEAL**

**PLAINTIFF FEDERAL TRADE  
COMMISSION'S EXHIBITS**

**VOLUME VIII**

**Px. 80**

**FTC-001824 TO FTC-002032**

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

AWS, LLC, a Nevada limited liability company;  
FBA DISTRIBUTORS, LLC, a Massachusetts  
limited liability company; FBA STORES, LLC, a  
Nevada limited liability company; INFO PROS,  
LLC, a Nevada limited liability company;  
ONLINE AUCTION LEARNING CENTER,  
INC., a Massachusetts corporation; ONLINE  
AUCTION LEARNING CENTER, INC., a  
Nevada corporation; CHRISTOPHER F.  
BOWSER; ADAM S. BOWSER; and JODY  
MARSHALL,

Defendants.

**CASE NO.** \_\_\_\_\_

**FILED UNDER SEAL**

**PLAINTIFF FEDERAL TRADE  
COMMISSION'S EXHIBITS**

**VOLUME VIII**

**Px. 80**

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<b>Px. #</b>	<b>Exhibit Description</b>	<b>Bates Start Range</b>	<b>Bates End Range</b>
Px. 80	Transcript of Day 3 of Defendants' Three-Day Workshop in Oakland, CA Attended by FTC Investigator Tyndall & Expert Hlavac (Dec. 10, 2017)	FTC-001824	FTC-002032



**Px. 80 Transcript of Day 3 of Defendants' Three-Day  
Workshop in Oakland, CA Attended by FTC  
Investigator Tyndall & Expert Hlavac  
(Dec. 10, 2017)**

1 OFFICIAL TRANSCRIPT PROCEEDING

2  
3 FEDERAL TRADE COMMISSION

4  
5  
6 MATTER NO. 1723149

7  
8 TITLE FBA STORES

9  
10 DATE RECORDED: DECEMBER 10, 2017

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12 TRANSCRIBED: JANUARY 10, 2018

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14 PAGES 1 THROUGH 208

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24 FBA STORES SEMINAR - DAY 3

25 For The Record, Inc.

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**PLAINTIFF'S  
EXHIBIT**

80

FEDERAL TRADE COMMISSION

I N D E X

RECORDING:

PAGE:

Seminar - Day 3

4

FEDERAL TRADE COMMISSION

In the Matter of: )  
FBA Stores ) Matter No. 1723149  
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December 10, 2017

The following transcript was produced from a  
digital file provided to For The Record, Inc. on  
December 11, 2017.

1 P R O C E E D I N G S

2 - - - - -

3 FBA STORES SEMINAR - DAY 3

4 (Background chatter and music upon entry.)

5 UNIDENTIFIED MALE: Yes --

6 MR. TYNDALL: I -- I have a question about  
7 the -- the crashing, the price.

8 UNIDENTIFIED MALE: Yep.

9 MR. TYNDALL: So are those -- does each  
10 store have the same, like, description and -- and  
11 listing?

12 UNIDENTIFIED MALE: The same product with  
13 the same price, the same description, the same  
14 listing, the same everything.

15 MR. TYNDALL: Okay, okay.

16 UNIDENTIFIED MALE: It's just (inaudible) --

17 MR. TYNDALL: And, so, then you -- you just  
18 -- you go in and you change --

19 UNIDENTIFIED MALE: Yep.

20 MR. TYNDALL: -- the price. Okay. How long  
21 does that usually take?

22 UNIDENTIFIED MALE: It's realtime.

23 MR. TYNDALL: Realtime?

24 UNIDENTIFIED MALE: They're doing -- you're  
25 sitting, and it's happening (inaudible) as it's



1       happening, right?

2               MR. TYNDALL:   Okay.

3               UNIDENTIFIED MALE:   So it can take -- it  
4       could take minutes; it could take hours.

5               MR. TYNDALL:   Okay.

6               UNIDENTIFIED MALE:   But, I mean, it's  
7       happening in realtime.  It's not like you're -- it's  
8       over a week or two-week period.  I mean, it's -- it's,  
9       like --

10              MR. TYNDALL:   Okay.

11              UNIDENTIFIED MALE:   -- now.

12              MR. TYNDALL:   Now, will -- will our mentors,  
13       like, show us how to do that and --

14              UNIDENTIFIED MALE:   Mm-hmm.

15              MR. TYNDALL:   Okay.

16              UNIDENTIFIED MALE:   They're going to show  
17       you how to win the buy box and (inaudible) that's  
18       only, like, four techniques.

19              MR. TYNDALL:   Okay.

20              UNIDENTIFIED MALE:   Right?  There's like 12  
21       different strategies.

22              MR. TYNDALL:   Huh.  Okay.

23              UNIDENTIFIED MALE:   Yep.

24              MR. TYNDALL:   Cool.  Thanks.

25              (Background chatter and music.)

1 MR. TYNDALL: Hey. Oh, okay, yeah. Am I  
2 going to miss anything?

3 UNIDENTIFIED MALE: Sorry?

4 MR. TYNDALL: Am I going to miss anything  
5 important?

6 UNIDENTIFIED MALE: No, we can do it quickly

7 --

8 MR. TYNDALL: Okay. Okay, let me get my...

9 (Background chatter and music.)

10 UNIDENTIFIED MALE: How was your night?

11 MR. TYNDALL: It was good. Yeah, I really  
12 liked that sushi.

13 UNIDENTIFIED MALE: Yeah, that was a good  
14 place.

15 MR. TYNDALL: Yeah. Yeah, I -- I talked to  
16 my mom and my uncle, and I think I -- I think I might  
17 have enough for the -- for the gold.

18 UNIDENTIFIED MALE: I'm sorry?

19 MR. TYNDALL: For -- enough for the gold.

20 UNIDENTIFIED MALE: Okay.

21 MR. TYNDALL: But I had a couple of  
22 questions.

23 UNIDENTIFIED MALE: Sure.

24 MR. TYNDALL: So my -- my -- so I can put in  
25 2,500, and my uncle said he could put in 2,500.

1 UNIDENTIFIED MALE: Mm-hmm.

2 MR. TYNDALL: And then my mom and dad said  
3 they might be willing to put in 5,000.

4 UNIDENTIFIED MALE: Mm-hmm.

5 MR. TYNDALL: But -- so my mom -- my mom's  
6 worried that I'm not going to get the money back.

7 UNIDENTIFIED MALE: Mm-hmm.

8 MR. TYNDALL: Like, you said that you'll  
9 work -- you'll work with us.

10 UNIDENTIFIED MALE: Yes.

11 MR. TYNDALL: Okay.

12 UNIDENTIFIED MALE: The guarantee basically  
13 is that (inaudible) money you invest (inaudible)  
14 \$10,000 for the program that we will work with you  
15 until you make the 10,000 back.

16 MR. TYNDALL: Okay.

17 UNIDENTIFIED MALE: Now, how that looks  
18 like, well, first of all, you will have (inaudible)  
19 six -- let me double check (inaudible).

20 MR. TYNDALL: Well, I know I -- I wrote  
21 it down somewhere. Sorry, there's like coffee all  
22 over --

23 UNIDENTIFIED MALE: Yeah, I think it's four  
24 plus two, so it would be six.

25 MR. TYNDALL: Okay.

1 UNIDENTIFIED MALE: So six weeks you will  
2 have coaching.

3 MR. TYNDALL: Okay.

4 UNIDENTIFIED MALE: One a week.

5 MR. TYNDALL: Okay.

6 UNIDENTIFIED MALE: One -- one session a  
7 week, an hour long.

8 MR. TYNDALL: Okay.

9 UNIDENTIFIED MALE: That's -- that is one  
10 thing. Another thing is you will have an access to a  
11 member area where they will (inaudible) where you will  
12 be able to see the videos, information and everything  
13 right there.

14 MR. TYNDALL: Okay.

15 UNIDENTIFIED MALE: Now, the sessions are  
16 not going to be in the way of can you teach me how to  
17 do Amazon.

18 MR. TYNDALL: Okay.

19 UNIDENTIFIED MALE: Right? So the way it  
20 works is that they -- they will give you tasks to do.

21 MR. TYNDALL: Okay.

22 UNIDENTIFIED MALE: And they will keep track  
23 of if you're doing them.

24 MR. TYNDALL: Okay.

25 UNIDENTIFIED MALE: And they will make

1 adjustments if necessary along the way.

2 MR. TYNDALL: Okay.

3 UNIDENTIFIED MALE: Now, if after those six  
4 weeks you haven't made the money back --

5 MR. TYNDALL: Okay.

6 UNIDENTIFIED MALE: -- those \$10,000, then  
7 they will still work with you to make sure, you know,  
8 how far, how (inaudible) going, you know, guiding you.  
9 What makes the (inaudible) adjusted change in order  
10 for you to get, you know, where you want to get to get  
11 to that 10,000 and from there on.

12 MR. TYNDALL: Okay. So -- so you think it's  
13 pretty doable in the first six weeks?

14 UNIDENTIFIED MALE: It depends on you.

15 MR. TYNDALL: Okay. Okay.

16 UNIDENTIFIED MALE: Now, the question,  
17 though, is is that 10,000, is that all that you have,  
18 because the question is you will need to buy also the  
19 inventory.

20 MR. TYNDALL: Yeah. I mean, I might be able  
21 to get some additional money --

22 UNIDENTIFIED MALE: Okay, okay.

23 MR. TYNDALL: -- maybe from my parents.

24 UNIDENTIFIED MALE: Now, the question also  
25 is are you computer-savvy?

1 MR. TYNDALL: Pretty computer-savvy.

2 UNIDENTIFIED MALE: Okay.

3 MR. TYNDALL: I have a computer, yeah.

4 It -- so my -- my uncle kept asking about a business  
5 plan.

6 UNIDENTIFIED MALE: Mm-hmm.

7 MR. TYNDALL: Is that something that you  
8 guys can show me how to do, or --

9 UNIDENTIFIED MALE: Not necessarily. I  
10 mean, you could write a business plan. Obviously  
11 we're not going to write it out for you.

12 MR. TYNDALL: Okay.

13 UNIDENTIFIED MALE: However, we can give you  
14 pointers of the things that you would need to do. In  
15 some ways, it comes back to that system that you will  
16 have the members area that you will have the access  
17 to.

18 MR. TYNDALL: Okay.

19 UNIDENTIFIED MALE: Because it gives you a  
20 good insight of the first steps that would be what you  
21 need to do along the way. Also, once you enroll, they  
22 will give you -- there's going to be a webinar where  
23 they're going to give you the first steps to take,  
24 what -- what is it going to take to do that.

25 MR. TYNDALL: Okay.

1 UNIDENTIFIED MALE: So in the fullest sense  
2 of a business plan, when it's all laid out and  
3 everything, not necessarily what we would do --

4 MR. TYNDALL: Okay.

5 UNIDENTIFIED MALE: -- however, we -- we can  
6 give you pointers, you know, things that you'll need  
7 to be considering, aware of, and all those kind of  
8 things. And we will (inaudible).

9 MR. TYNDALL: Okay. Because he kept talking  
10 about like keeping track of my costs and stuff like  
11 that.

12 UNIDENTIFIED MALE: Mm-hmm.

13 MR. TYNDALL: Is that something that you  
14 guys will help out with?

15 UNIDENTIFIED MALE: Keeping track of costs,  
16 there are different spreadsheets and stuff that we --  
17 we -- yeah, we would get those for you.

18 MR. TYNDALL: Okay, okay. And then my mom  
19 also asked, like, because she's worried that I'm going  
20 to get in trouble and like -- if like I sell something  
21 and I don't know, someone like sues me or --

22 UNIDENTIFIED MALE: Sure.

23 MR. TYNDALL: -- I can get in trouble, will  
24 you guys help me out?

25 UNIDENTIFIED MALE: Well, there are two

1 sides of it.

2 MR. TYNDALL: Okay.

3 UNIDENTIFIED MALE: One, as anybody who  
4 starts any business, I always recommend them to do --  
5 to open an entity.

6 MR. TYNDALL: Okay.

7 UNIDENTIFIED MALE: And that's the reason  
8 why I asked if you have any additional money that you  
9 would be able to (inaudible) because here's the thing,  
10 you can -- you can go and open the entity, you know,  
11 on your -- on your own (inaudible) file, you know,  
12 paperwork and all that stuff, or you can go to  
13 LegalZoom or any of those things. However, the  
14 problem with that is you're not going to get the full  
15 protection.

16 MR. TYNDALL: Okay.

17 UNIDENTIFIED MALE: So the best way to do  
18 that is to have an attorney that -- attorney that  
19 understands the business and understands the industry  
20 so that you -- he can actually set it up for you so  
21 that you're fully protected.

22 MR. TYNDALL: Okay.

23 UNIDENTIFIED MALE: Now, that costs a little  
24 bit of money, depending of the state, depending on  
25 different things. However, I always tell people I'd



1       rather pay a little bit up front --

2               MR. TYNDALL:   Sure.

3               UNIDENTIFIED MALE:  -- and then I know I'm  
4       fully protected, and then whatever happens, I'm  
5       protected.

6               MR. TYNDALL:   Okay.

7               UNIDENTIFIED MALE:  The reason I'm saying  
8       protected is I'll give you an example.  If -- if  
9       you're not fully -- if you're fully protected, but  
10      even if everything goes horribly wrong, and I mean it  
11      has to go really horribly wrong in this kind of  
12      (inaudible) then you -- the worst-case scenario --

13              MR. TYNDALL:   Okay.

14              UNIDENTIFIED MALE:  -- you just scrap the  
15      business --

16              MR. TYNDALL:   Okay.

17              UNIDENTIFIED MALE:  -- you scrap the entity.

18              MR. TYNDALL:   Okay.

19              UNIDENTIFIED MALE:  And you're fully, you  
20      know, free to go.

21              MR. TYNDALL:   Okay.

22              UNIDENTIFIED MALE:  However, if you just --  
23      if you don't -- if you're not set up the right way,  
24      then you can't do that because you're still tied to  
25      the company.

1 MR. TYNDALL: Okay.

2 UNIDENTIFIED MALE: And that is where that  
3 difference comes if it's set up the right way or not  
4 the right way. Now, the other thing is, and I think  
5 that Nathan might have touched on it yesterday --

6 MR. TYNDALL: Okay.

7 UNIDENTIFIED MALE: -- and he's going to  
8 definitely talk about it today more.

9 MR. TYNDALL: Sure.

10 UNIDENTIFIED MALE: Is if -- if -- if  
11 it's -- if it's a product that somebody else is  
12 producing --

13 MR. TYNDALL: Okay.

14 UNIDENTIFIED MALE: -- and you are just  
15 coming onboard to sell it --

16 MR. TYNDALL: Okay.

17 UNIDENTIFIED MALE: -- then any liability  
18 that is regarding the product assumes the  
19 manufacturer.

20 MR. TYNDALL: Oh, okay.

21 UNIDENTIFIED MALE: And not the seller.

22 MR. TYNDALL: Okay. So I wouldn't need to  
23 worry at all.

24 UNIDENTIFIED MALE: So as long as you are  
25 not claiming something --

1 MR. TYNDALL: Okay.

2 UNIDENTIFIED MALE: -- that the manufacturer  
3 is not saying --

4 MR. TYNDALL: Okay.

5 UNIDENTIFIED MALE: -- you're not liable.

6 MR. TYNDALL: Okay.

7 UNIDENTIFIED MALE: So --

8 MR. TYNDALL: Yeah, my mom was just worried  
9 about, like, the fidget spinners like lawsuits, if  
10 people get injured.

11 UNIDENTIFIED MALE: Sure.

12 MR. TYNDALL: Yeah.

13 UNIDENTIFIED MALE: Sure.

14 MR. TYNDALL: Yeah.

15 UNIDENTIFIED MALE: And then again, you  
16 know, again it's -- if -- if a manufacturer -- if you  
17 just -- you're selling -- you're not naming it as your  
18 fidget spinner, you're not naming that as your  
19 product.

20 MR. TYNDALL: Okay.

21 UNIDENTIFIED MALE: You're not product  
22 labeling it, then it's the manufacturer who assumes.

23 MR. TYNDALL: Okay. And the -- the --  
24 Nathan was talking a lot -- a little bit, the -- like  
25 buying from Alibaba. Is that -- is that hard, or?

1 UNIDENTIFIED MALE: Meaning?

2 MR. TYNDALL: Like, I don't know. I wrote  
3 down somewhere it was like \$500 to ship the stuff.

4 UNIDENTIFIED MALE: I'm sure there will be  
5 some costs and -- you know, that you're going to have  
6 to assume because you're obviously shipping it from  
7 overseas.

8 MR. TYNDALL: Okay.

9 UNIDENTIFIED MALE: And if you're buying  
10 from Alibaba, most likely you're buying a significant  
11 bulk.

12 MR. TYNDALL: Okay.

13 UNIDENTIFIED MALE: When you're buying a  
14 bulk and you're shipping from overseas, the -- there  
15 is going to be some costing, you know, that is going  
16 to mean --

17 MR. TYNDALL: Okay.

18 UNIDENTIFIED MALE: -- you know, that you're  
19 going to -- you're going to have to (inaudible).

20 MR. TYNDALL: Okay, because my uncle was  
21 telling me about a cash flow and like -- like it might  
22 take a while to get the products.

23 UNIDENTIFIED MALE: Yeah, it takes a little  
24 while, mm-hmm.

25 MR. TYNDALL: Okay. But you think that

1 would be a -- I mean, will you guys show me how that  
2 works? Because I don't know -- I've never bought  
3 anything --

4 UNIDENTIFIED MALE: Sure.

5 MR. TYNDALL: -- from Alibaba or anything.

6 UNIDENTIFIED MALE: There is also in  
7 those -- in that members area --

8 MR. TYNDALL: Okay.

9 UNIDENTIFIED MALE: -- there's also some  
10 videos on that, as well.

11 MR. TYNDALL: Okay.

12 UNIDENTIFIED MALE: It gives an explanation  
13 (inaudible).

14 MR. TYNDALL: Okay. And my mom also wanted  
15 to know whether this was, like, sustainable, like, you  
16 know, I can keep doing this as, you know, as a living  
17 as opposed to like a one-time thing.

18 UNIDENTIFIED MALE: Well, obviously, you're  
19 building a business for yourself.

20 MR. TYNDALL: Okay.

21 UNIDENTIFIED MALE: Again, it's like any  
22 other business, as long as you keep working it, you  
23 can keep building it.

24 MR. TYNDALL: Okay.

25 UNIDENTIFIED MALE: And especially that's

1 the difference between arbitrage and the wholesale is  
2 that in wholesale you -- basically you can find these  
3 core products, you put them in, and all you're doing  
4 is you're just managing the price, you're just  
5 managing the volume.

6 MR. TYNDALL: Okay.

7 UNIDENTIFIED MALE: If you need to order  
8 more, you order more, so it comes in, you just keep  
9 selling it.

10 MR. TYNDALL: Okay.

11 UNIDENTIFIED MALE: So it's a business that  
12 you're building, so it sustains as long as you're  
13 building it.

14 MR. TYNDALL: Okay.

15 UNIDENTIFIED MALE: In arbitrage it's  
16 also -- it's a little different. You basically just  
17 have to keep looking for the product --

18 MR. TYNDALL: Okay.

19 UNIDENTIFIED MALE: -- you know, and as long  
20 as you keep looking for those products and you keep  
21 sell -- putting them in the store and selling them --

22 MR. TYNDALL: Okay.

23 UNIDENTIFIED MALE: -- yeah, it's working,  
24 because you're -- you're building your own business.  
25 You're not building our business.

1 MR. TYNDALL: Yeah.

2 UNIDENTIFIED MALE: So you're building it  
3 for yourself, so as long as you keep building it for  
4 yourself, it's, you know, sustainable.

5 MR. TYNDALL: Okay.

6 UNIDENTIFIED MALE: As long as you're  
7 buying, obviously, products that has a profit in it.  
8 As long as you're selling with significant profit and  
9 of course you're going to make money.

10 MR. TYNDALL: And, so, you mentioned, like,  
11 costs after the 10,000. Do you guys have financing  
12 options or ways to pay that?

13 UNIDENTIFIED MALE: Did you get to talk to  
14 Ryan?

15 MR. TYNDALL: Oh, I did -- I -- I told him  
16 my mom told me not to give out my Social.

17 UNIDENTIFIED MALE: Mm-hmm.

18 MR. TYNDALL: But --

19 UNIDENTIFIED MALE: Well, the only financing  
20 that would be, you know, borrowing money --

21 MR. TYNDALL: Okay.

22 UNIDENTIFIED MALE: -- that would be the  
23 financing that --

24 MR. TYNDALL: Okay, okay. And, so, the --  
25 the -- Nathan was saying that we should -- someone

1 asks, like, when -- when do we get the money back.

2 And someone said like ten years or something.

3 UNIDENTIFIED MALE: (Laughs).

4 MR. TYNDALL: No? Okay.

5 UNIDENTIFIED MALE: No.

6 MR. TYNDALL: I mean, is it -- do you think  
7 after six weeks I can get this up and running?

8 UNIDENTIFIED MALE: Well, it depends really  
9 how you work it.

10 MR. TYNDALL: Okay.

11 UNIDENTIFIED MALE: Yeah, it would just come  
12 back to, you know, how are we going to build it.

13 MR. TYNDALL: Okay. Okay. Well --

14 UNIDENTIFIED MALE: (Inaudible).

15 MR. TYNDALL: What's the members area? Do I  
16 -- do I already have -- I signed up for AWS Tracker.  
17 I got an email about that. Is that the same thing?

18 UNIDENTIFIED MALE: Can you show me that,  
19 please?

20 MR. TYNDALL: Sure. My internet's super  
21 slow. The AWS Tracker.

22 UNIDENTIFIED MALE: That is something new.  
23 I don't even know what that is.

24 MR. TYNDALL: Oh.

25 UNIDENTIFIED MALE: I'll find out, though.



1           MR. TYNDALL: Okay. But that's not the --  
2     the members area?

3           UNIDENTIFIED MALE: No, no (inaudible) so  
4     what happens is the students that enroll --

5           MR. TYNDALL: Okay.

6           UNIDENTIFIED MALE: -- they would get the  
7     access to like the (inaudible) system website.

8           MR. TYNDALL: Okay.

9           UNIDENTIFIED MALE: Where they can actually,  
10    you know, see the videos and all those things that,  
11    you know, what Nathan was teaching sort of.

12          MR. TYNDALL: Okay. Okay. And how -- my  
13    uncle asked in addition to the 10,000 how much should  
14    I expect to -- to put into my business during --

15          UNIDENTIFIED MALE: It depends on  
16    (inaudible) --

17          MR. TYNDALL: Okay.

18          UNIDENTIFIED MALE: -- how much you want to,  
19    you know, really put in it.

20          MR. TYNDALL: Okay. What do you think would  
21    be --

22          UNIDENTIFIED MALE: (Inaudible) there are  
23    some additional costs that you're going to have to,  
24    you know, consider.

25          MR. TYNDALL: Okay.

1 UNIDENTIFIED MALE: For example, for setting  
2 up an entity.

3 MR. TYNDALL: Okay.

4 UNIDENTIFIED MALE: That could be  
5 (inaudible) depending on the state, I would say it  
6 would be between 700 to 1,200.

7 MR. TYNDALL: Okay.

8 UNIDENTIFIED MALE: That's the (inaudible)  
9 set it up safe and everything.

10 MR. TYNDALL: Wait, was that? 700 to 1,200?  
11 What -- what is -- what do you mean, entity?

12 UNIDENTIFIED MALE: Kind of the company.

13 MR. TYNDALL: Okay. Like a corporation.

14 UNIDENTIFIED MALE: Mm-hmm.

15 MR. TYNDALL: Okay. This is like all --  
16 like I've never even sold anything on Amazon.

17 UNIDENTIFIED MALE: Mm-hmm.

18 MR. TYNDALL: So --

19 UNIDENTIFIED MALE: You can sell on Amazon  
20 without creating an entity.

21 MR. TYNDALL: Okay.

22 UNIDENTIFIED MALE: There are two reasons  
23 why you would want to do the entity. One is the  
24 protection side of it.

25 MR. TYNDALL: Okay.

1 UNIDENTIFIED MALE: The other side of it is  
2 it's the tax optimization --

3 MR. TYNDALL: Okay.

4 UNIDENTIFIED MALE: -- services. Like  
5 Nathan was saying, when you sell it (inaudible) is a  
6 private person, then what happens is that whatever  
7 income, you know, you're making from selling the  
8 product --

9 MR. TYNDALL: Okay.

10 UNIDENTIFIED MALE: -- you're basically  
11 taxed on it as an income.

12 MR. TYNDALL: Okay.

13 UNIDENTIFIED MALE: But when you set up an  
14 entity and you sell it with the entity, then you --  
15 then whatever expenses you have and you can create,  
16 even expenses if you, you know, you are creative --

17 MR. TYNDALL: Okay.

18 UNIDENTIFIED MALE: -- so whatever is the  
19 leftover, that's the profit --

20 MR. TYNDALL: Okay.

21 UNIDENTIFIED MALE: -- then you're basically  
22 paying that tax from the profit portion of it.

23 MR. TYNDALL: Okay.

24 UNIDENTIFIED MALE: So if you would look at  
25 this folder, then this is the income part of it --

1 MR. TYNDALL: Okay.

2 UNIDENTIFIED MALE: -- then you're paying  
3 the tax on the whole income if you're a private  
4 person.

5 MR. TYNDALL: Okay.

6 UNIDENTIFIED MALE: But if you have an  
7 entity, you can lower this by adding every, you know,  
8 expense that you have regarding the business.

9 MR. TYNDALL: Okay.

10 UNIDENTIFIED MALE: So this number becomes  
11 smaller and smaller, and then you are taxed instead of  
12 on the whole thing, you're taxed as some part of it.

13 MR. TYNDALL: Okay. Okay. I mean, do you  
14 think -- do you think it's realistic for a guy like me  
15 to -- to make money with this?

16 UNIDENTIFIED MALE: What do you mean, a guy  
17 like you?

18 MR. TYNDALL: I mean, I've never -- I've  
19 never sold anything --

20 UNIDENTIFIED MALE: Sure.

21 MR. TYNDALL: -- on Amazon before. And now,  
22 like, I don't know, it just seems like a lot, a lot.

23 UNIDENTIFIED MALE: And -- and it takes --  
24 it takes work.

25 MR. TYNDALL: Okay.

1 UNIDENTIFIED MALE: It's not, obviously, you  
2 know --

3 MR. TYNDALL: Yeah.

4 UNIDENTIFIED MALE: -- you're going to wake  
5 up tomorrow and suddenly everything works for you.

6 MR. TYNDALL: Yeah.

7 UNIDENTIFIED MALE: So you're going to have  
8 to put work in it.

9 MR. TYNDALL: Okay.

10 UNIDENTIFIED MALE: So as long as you're  
11 willing to learn --

12 MR. TYNDALL: Okay.

13 UNIDENTIFIED MALE: -- as long as you're  
14 willing to work --

15 MR. TYNDALL: Okay.

16 UNIDENTIFIED MALE: -- it's doable.

17 MR. TYNDALL: Okay. I mean, do you -- are  
18 you guys pretty successful with people like me who  
19 don't really have very much experience?

20 UNIDENTIFIED MALE: Well, again, it comes  
21 back to, you know, how -- how much those people really  
22 want to put the work.

23 MR. TYNDALL: Okay.

24 UNIDENTIFIED MALE: In many cases, what  
25 happens is the people, they are just expecting things

1 to happen without work.

2 MR. TYNDALL: Okay.

3 UNIDENTIFIED MALE: You know, so the ones  
4 that do not succeed and they are having a hard time,  
5 you know, getting where they want to be --

6 MR. TYNDALL: Okay.

7 UNIDENTIFIED MALE: -- but people that  
8 actually really wanted to achieve something and they  
9 wanted to make money, then, yeah, they -- they made  
10 it.

11 MR. TYNDALL: Okay, okay. And the six -- is  
12 that -- so that's every -- every week?

13 UNIDENTIFIED MALE: Mm-hmm. You would  
14 set -- email's sent that day, and the day --

15 MR. TYNDALL: Okay.

16 UNIDENTIFIED MALE: -- what day is it going  
17 to be and what time --

18 MR. TYNDALL: Okay.

19 UNIDENTIFIED MALE: -- and then every week  
20 at that same time, you will have that call.

21 MR. TYNDALL: Oh, the call.

22 UNIDENTIFIED MALE: Mm-hmm.

23 MR. TYNDALL: Okay. And do I need to be  
24 near the internet when --

25 UNIDENTIFIED MALE: Yes.

1 MR. TYNDALL: Okay.

2 UNIDENTIFIED MALE: Mm-hmm.

3 MR. TYNDALL: Okay. So I'd need to be home.

4 UNIDENTIFIED MALE: That would be great.

5 MR. TYNDALL: At that time, okay.

6 UNIDENTIFIED MALE: Mm-hmm.

7 MR. TYNDALL: And what if, like, I can't  
8 make a call for a week?

9 UNIDENTIFIED MALE: You can reschedule it.

10 MR. TYNDALL: I can reschedule it.

11 UNIDENTIFIED MALE: Mm-hmm.

12 MR. TYNDALL: Okay, okay.

13 UNIDENTIFIED MALE: You just let them know  
14 early enough.

15 MR. TYNDALL: Okay.

16 UNIDENTIFIED MALE: Sometimes they have to  
17 reschedule --

18 MR. TYNDALL: Oh.

19 UNIDENTIFIED MALE: -- and they will work it  
20 out.

21 MR. TYNDALL: Okay. And then what --  
22 what -- what happens if I -- if I finish the six weeks  
23 and I -- I need more help?

24 UNIDENTIFIED MALE: Then you will have a  
25 hotline --

1 MR. TYNDALL: Okay.

2 UNIDENTIFIED MALE: -- you will have a  
3 hotline as well.

4 MR. TYNDALL: A hotline? Okay. Oh, is that  
5 the -- what did Nathan call it? The concierge line?

6 UNIDENTIFIED MALE: Yeah, mm-hmm.

7 MR. TYNDALL: Okay. Okay. So if I have any  
8 questions?

9 UNIDENTIFIED MALE: Mm-hmm.

10 MR. TYNDALL: For that. Okay.

11 UNIDENTIFIED MALE: But you will find tons  
12 of answers in that members area.

13 MR. TYNDALL: Okay, okay.

14 UNIDENTIFIED MALE: Most -- most likely most  
15 of your answers you will find there.

16 MR. TYNDALL: Okay. Let's see. Oh, my mom  
17 asked me how long have you guys been in business.

18 UNIDENTIFIED MALE: This company?

19 MR. TYNDALL: Yeah.

20 UNIDENTIFIED MALE: Good question. I think  
21 it's about ten years or so.

22 MR. TYNDALL: I thought ten years, okay. My  
23 mom was just really worried.

24 UNIDENTIFIED MALE: And I understand that.

25 MR. TYNDALL: Yeah.



1 UNIDENTIFIED MALE: I absolutely understand  
2 that.

3 MR. TYNDALL: Yeah.

4 UNIDENTIFIED MALE: And that's why -- that's  
5 why I'm not pressuring anybody.

6 MR. TYNDALL: Okay.

7 UNIDENTIFIED MALE: You know, I want you to  
8 feel comfortable. If you don't feel comfortable, I  
9 don't want you to do it.

10 MR. TYNDALL: Okay. Okay. I mean, you guys  
11 have been pretty successful, right?

12 UNIDENTIFIED MALE: Mm-hmm.

13 MR. TYNDALL: Can I tell my mom that, or?

14 UNIDENTIFIED MALE: (No audible response.)

15 MR. TYNDALL: Okay. If my mom has any  
16 questions, can she call somebody or call you or --

17 UNIDENTIFIED MALE: She can call the  
18 company, mm-hmm.

19 MR. TYNDALL: Okay. What's -- what's the  
20 phone number?

21 UNIDENTIFIED MALE: I don't know off the top  
22 of my head, but it's going to be on the agreement.

23 MR. TYNDALL: Oh, on the agreement?

24 UNIDENTIFIED MALE: Yeah, and you will get  
25 the agreement.

1           MR. TYNDALL: Okay, okay. Okay. Is there  
2 anything else I should know?

3           UNIDENTIFIED MALE: I don't know.

4           MR. TYNDALL: I don't know. This is a lot  
5 to take in.

6           UNIDENTIFIED MALE: Sure. I mean, it is.  
7 There's a lot of information. Obviously we have  
8 crammed a lot in three days because we have -- it's  
9 kind of sort of a lot, 30 hours, that we're spending  
10 with you. It's actually a little less than 30  
11 hours --

12          MR. TYNDALL: Okay.

13          UNIDENTIFIED MALE: -- however, there's so  
14 much information --

15          MR. TYNDALL: Yeah.

16          UNIDENTIFIED MALE: -- you know, that we're  
17 trying to get to you guys, kind of, you know, in --

18          MR. TYNDALL: Yeah.

19          UNIDENTIFIED MALE: -- so it kind of feels  
20 kind of overwhelming in a -- in a way.

21          MR. TYNDALL: Okay.

22          UNIDENTIFIED MALE: But -- so it's  
23 understandable.

24          MR. TYNDALL: Okay.

25          UNIDENTIFIED MALE: And -- but that's why it

1 is and that's why we have also the members area, which  
2 you can kind of go over --

3 MR. TYNDALL: Sure.

4 UNIDENTIFIED MALE: -- the information and  
5 everything so that when it's impossible to remember  
6 everything that you've heard this weekend.

7 MR. TYNDALL: Yeah. Now, the -- when I --  
8 when I work with the mentor, the six weeks, are they  
9 going to go over the -- are they going to, like, go  
10 over, like, reinforce what -- what I did this weekend?  
11 Or are they going to go over new stuff?

12 UNIDENTIFIED MALE: Not necessarily. It's  
13 more going to be in a sense of a -- they will give you  
14 some specific tasks to make sure that you're doing the  
15 business.

16 MR. TYNDALL: Okay.

17 UNIDENTIFIED MALE: And then they will  
18 follow up with you to see if you are doing those  
19 tasks, and they will give you new tasks, so it's kind  
20 of like helping you to stay on track, but we'll make  
21 sure that you are doing things the right way.

22 MR. TYNDALL: Okay.

23 UNIDENTIFIED MALE: And if they will see  
24 that there are some things that you may not be doing  
25 quite exactly the way, they might make little

1 adjustments just to make sure we keep on track.

2 MR. TYNDALL: Okay. Well, my mom also  
3 wanted me to ask the -- the -- like are they --  
4 because I know Nathan had, like -- he has his own  
5 Amazon business.

6 UNIDENTIFIED MALE: Mm-hmm.

7 MR. TYNDALL: Do the mentors have --

8 UNIDENTIFIED MALE: Yeah, we all do.

9 MR. TYNDALL: Okay, okay.

10 UNIDENTIFIED MALE: The only reason we can  
11 be here is because we're successful in our store.

12 MR. TYNDALL: Okay. Sorry, I had, like, a  
13 two-conversation with my mom last night.

14 UNIDENTIFIED MALE: That's good. Sure.

15 MR. TYNDALL: Okay.

16 UNIDENTIFIED MALE: That's why -- that's  
17 why --

18 MR. TYNDALL: I might be forgetting  
19 something.

20 UNIDENTIFIED MALE: -- I had these followup  
21 -- you know --

22 MR. TYNDALL: Yeah.

23 UNIDENTIFIED MALE: -- so that I can answer  
24 all the questions.

25 MR. TYNDALL: Yeah. Okay. Well, maybe --

1       how late are -- how late will it go today?

2               UNIDENTIFIED MALE: It will go probably  
3       until about 2:00.

4               MR. TYNDALL: Okay. Okay. Is it all right  
5       if I call my mom at lunch?

6               UNIDENTIFIED MALE: Yeah, yeah, yeah.

7               MR. TYNDALL: Okay.

8               UNIDENTIFIED MALE: That's -- that's fine.  
9       Yeah, lunch, talk to her again.

10              MR. TYNDALL: Okay.

11              UNIDENTIFIED MALE: And -- and then after  
12       that, you know, say if you feel comfortable about it,  
13       if you do, then, you know, we can go from there. If  
14       you don't, then we can have a quick -- a quick sit-  
15       down. I can just quickly run over a couple of things  
16       that, you know, you should be aware of because if  
17       you're not doing that then, you know, what steps are  
18       you going to take on Monday and stuff like that.

19              MR. TYNDALL: Okay. Okay. Okay, well, I'll  
20       call my mom, I guess, at lunch.

21              UNIDENTIFIED MALE: Sure, sure.

22              MR. TYNDALL: Okay.

23              UNIDENTIFIED MALE: Okay.

24              MR. TYNDALL: Okay. Thank you.

25              UNIDENTIFIED MALE: Yep. And then let me

1 know if you have any questions.

2 MR. TYNDALL: Yep. Okay. Thank you.

3 UNIDENTIFIED MALE: Absolutely.

4 MR. TYNDALL: Thank you.

5 (Mr. Tyndall enters seminar presentation.)

6 NATHAN ROSSI: -- white label is where  
7 you're going to take an existing product that's  
8 already out in the marketplace, and you're going to  
9 brand your version of it. So a great example would be  
10 you're going to take an undercoat brush for puppies or  
11 whatever it is; we're going to get a generic and we  
12 put a white label because it's just a blank label, and  
13 I'm going to put my logo, my name, my company name,  
14 whatever it is, on it, and now it becomes a bench-made  
15 brush, it becomes Nathan's Awesome Brush, right? And  
16 I sell it as mine.

17 So from the consumer's perspective, it's  
18 seen as my product. It's not a brand new, never-  
19 before-seen product. It's just my product. And, you  
20 know, one thing that I learned with white label is  
21 there's a few benefits of doing it, but understand  
22 this. You don't have to have the best product to make  
23 a lot of money. Okay, you don't have to have the best  
24 product.

25 McDonald's is a great example of that. Does

1 McDonald's have the best hamburger? No way, not at  
2 all, but they're probably the most profitable  
3 hamburger chain on Planet Earth. Does Apple have the  
4 best phone? No way. Heck, no, it's not the best  
5 phone. I mean, so, you know, you don't have to have  
6 the best product. Really, what it comes down to, you  
7 just have to have the best system, okay, the best  
8 system. You can have a mediocre product that you  
9 deliver in a very excellent way, and you can make  
10 great money.

11 Right? Some companies, that's all they  
12 focus on. They focus on the -- a B or a C-level  
13 product, but they're just really good at delivering  
14 that B and C-level product. Right? We don't always  
15 have to be the best. You do it, you know, the top of  
16 the top, the creme de la creme. You can have a  
17 mediocre product that's economic, that's satisfactory,  
18 that meets the expectation, and it can still be -- you  
19 can still make good money on that.

20 The third one is what we call controlling  
21 other brands on Amazon. Right out next to this one,  
22 just in parentheses, write five years. Five years. I  
23 think that this strategy -- I think to the core of me,  
24 this has about a five-year shelf life. And here's  
25 what this looks like. Right now, the marketplace, the

1 economy, the retail world is in a complete upheaval.

2 It's -- it's been disrupted.

3 I mean, it's just -- stuff is all over the  
4 place, and what you have are a bunch of companies --  
5 big and small -- that look and say, we're not online -  
6 - or we're not on Amazon; we know we need to be on  
7 Amazon; we don't know Amazon; but we've been doing it  
8 this way for so long we're just going to keep on  
9 focusing on this. We know we need to be on Amazon,  
10 but we're not on Amazon.

11 So what controlling brands would be is  
12 you're leveraging your knowledge base, your skill  
13 sets, your connections and resources and saying, I  
14 tell you what, I can take you on Amazon, and I will  
15 control your -- I will control your brand on Amazon.  
16 And I'm going to show you two deals that we're doing  
17 this with right now. One of them is a tea company;  
18 the second one is this company called Defiance Fuel,  
19 which is our -- the pre-workout.

20 We got a water product. And what it looks  
21 like is -- is you're negotiating equity. You're  
22 negotiating a profit-share or exclusivity of some  
23 type. So like with Defiance Fuel, we negotiated  
24 Amazon exclusivity. So if their product is being sold  
25 anywhere on Planet Earth on Amazon, it's our store.



1 So they're still going to make money because we're  
2 buying from them and representing and we're getting it  
3 from them at wholesale or better, but anything that  
4 happens on Amazon is our sale, right? So we're the  
5 retailer that controls the Amazon space.

6 And here's why I say this has about a  
7 five -- a five-year shelf life. I believe that in  
8 five years Amazon will become normalized from a  
9 business standpoint and that companies will just say,  
10 well, instead of giving up so much, folks giving up  
11 exclusivity or profit-sharing or equity, they're just  
12 going to say we'll just hire somebody for \$40,000 a  
13 year and bring it in-house and it will just be an  
14 employee we pay. We're not going to give up  
15 exclusivity.

16 But right now, it's new enough, it's unknown  
17 enough, and in enough demand that people feel the  
18 pressure and companies feel the pressure, and we need  
19 to get on there, and so they're willing to give up  
20 more now. So this could be a way for you to leverage  
21 your skill set, your knowledge base, in order to take  
22 companies online.

23 And, so, we've got two right now that we're  
24 doing that with, and literally a list of about a dozen  
25 more that -- that just are waiting in line.

1 (Inaudible audience question or comment.)

2 NATHAN ROSSI: Right, they're outsourcing  
3 all things to Amazon to us, and we manage, we launch,  
4 we market, we run the whole Amazon channel.

5 AUDIENCE: How long did it take you to  
6 convince them to (inaudible)?

7 NATHAN ROSSI: Luke, how long did Defiance  
8 Fuel take?

9 LUKE: (Inaudible).

10 NATHAN ROSSI: Yep.

11 LUKE: I started working on that in  
12 February.

13 NATHAN ROSSI: Like late February, March?

14 LUKE: Built the relationship, yeah.

15 NATHAN ROSSI: And then we signed in June?  
16 July?

17 LUKE: Yeah, June or July.

18 NATHAN ROSSI: Yeah, I think it was like mid  
19 July, so March, April, May, June, July, so five or six  
20 months, right?

21 (Inaudible audience question or comment.)

22 NATHAN ROSSI: Yeah, so -- and they do. We  
23 actually had a GNC conversation. We'll get into this,  
24 but you can get into it not pricing. You get into,  
25 you know, different SKUs, variants, variations, you

1 know, that, hey, GNC has exclusivity to maybe a  
2 certain flavor of pre-workout versus we have fruit  
3 punch on Amazon; they have a lemon-lime at -- lemon-  
4 lime at GNC, right?

5 They're -- you know, you got to kind of hash  
6 out those nuances, but there's a big upside with them,  
7 right? There's a big upside with it because you're  
8 able to leverage an existing brand that has an  
9 existing following, that has existing sales, and all  
10 you get to do is come in as the knight in shining  
11 armor and open up a brand new sales channel, which --  
12 and everybody's already buying on Amazon anyways,  
13 right? And, so, I'll tell you how -- how we started  
14 developing this process, but very lucrative. And --  
15 but it's time-sensitive, time-sensitive for sure.

16 But either way -- either way -- there is  
17 liability with that, right? There's liability with  
18 (inaudible) so let's talk about asset protection.  
19 Asset protection has really four different components  
20 of which we're going to talk about two of them today.  
21 So when you jump into business, what you're really  
22 saying is you're simultaneously entering into four  
23 different worlds. Okay?

24 You're going into the legal world, the tax  
25 world, the insurance world, and then whatever

1 industry-specific (inaudible). And, so, you have to  
2 find the mix of all these worlds that makes sense for  
3 you. And, so, I can't tell you how many times I've  
4 been on a conference call or in a boardroom to where I  
5 have a -- I have a CPA and an attorney, you know,  
6 going back and forth at each, saying, no, we don't  
7 need it to be an S corporation, it needs to be a C  
8 corporation; no, we don't need to tax like this, we  
9 need to tax like that, but we need it to be set up  
10 like this, not like that. And because sometimes they  
11 -- an S corporation is better than, you know, a C  
12 corporation for tax purposes, but a C corporation is  
13 better for legal reasons than an S corporation is in  
14 the event of a lawsuit or like -- so it's like this  
15 constant back-and forth.

16 So what I'm going to do today is walk you  
17 through some concepts that I believe, in my opinion,  
18 should be a part of your -- your infrastructure as you  
19 begin to grow. Now, again, I am not a licensed  
20 attorney or a tax professional or a financial planner  
21 or an insurance agent. I also cannot give you any  
22 advice in these areas. Everything that I'm showing  
23 you is for educational purposes only; it's my opinion.

24 You can consult all the licensed  
25 professionals before you do anything that you see here

1 today. Do you acknowledge that? Yes?

2 AUDIENCE: Yeah; yes; yeah.

3 NATHAN ROSSI: All right? You're strapped  
4 in, right? Okay. So the first thing is when we get  
5 into business, the first concept of asset protection  
6 is what we call separation. Separation. Separ,  
7 seper? S E P A R, E R?

8 AUDIENCE: A R.

9 NATHAN ROSSI: Yeah, a brain fart. So you  
10 want to create what's commonly referred to in the  
11 legal world as you want to create your corporate veil.  
12 It's what separates you from your business. So you  
13 don't want to be viewed as the same person as your  
14 business. You want it to be completely separate. You  
15 want your business to take the fall for anything bad  
16 that happens.

17 And the reason why is not that you're trying  
18 to get away with anything, but in today's day and age,  
19 you don't even have to do anything wrong to get sued.  
20 Right? People -- I mean, people can just sue you.  
21 It's a game, right? It's part of the strategy. Some  
22 of the more famous lawsuits, Red Bull. Anybody hear  
23 about the Red Bull lawsuit, right? Didn't hear about  
24 it?

25 Well, what is -- what's Red Bull's slogan?

1 It gives you wings. Well, a group of law students got  
2 together and decided to test that theory. So they on  
3 purpose -- they on purpose did this. They set it all  
4 up to do. They have it on video. Hey, what you got  
5 there, man? Oh I got a Red Bull. Look at this it's a  
6 Red Bull. We're excited, it's going to give me wings.

7 Oh, cool, drink it down. Maybe, too, you  
8 know, make sure those wings are big enough. Drink one  
9 more, right? And, so, on camera, okay, you drink the  
10 Red Bull; all right, go for it. And it showed them  
11 jumping off about a 20-foot wall. Okay? Nobody got  
12 seriously hurt, but they proved they were able to  
13 disprove their claim, is that when you drink it, it  
14 gives you wings. So they sued law -- they sued Red  
15 Bull for fraudulent advertising.

16 Right? They settled out of court for  
17 something -- I think it was like four and a half  
18 million dollars or something like that, right? But --  
19 but, hey, you know, they settled. Didn't -- didn't go  
20 through; they just settled out of court, and that's  
21 all the students were wanting. It was a cheap shot,  
22 right?

23 But lawsuit after lawsuit like this. The  
24 McDonald's lawsuit, right? The coffee. Well, come  
25 on, coffee's hot, okay? But the -- it was an elderly

1 woman, and she did get third-degree burns. Right?

2 She did get third-degree burns, so she won that  
3 lawsuit.

4 And how about the Winnebago one? Did  
5 anybody hear about the Winnebago lawsuit? Winnebago  
6 lawsuit, so this is -- this is about 10 or 11 years  
7 ago. A woman goes -- she -- she's freshly retired.  
8 Goes and buys herself a big Winnebago, right? As part  
9 of her retirement, she's going to cruise around,  
10 travel the country.

11 So she buys it; everything is good; they  
12 give her the tour, the walk-around; here's how you use  
13 it and everything. Well, drives off the lot, gets on  
14 the highway, is about a half-hour down the road. Pops  
15 it into cruise control and gets up and goes to make  
16 herself a sandwich.

17 (Laughter.)

18 NATHAN ROSSI: The thing runs off the road.  
19 Lucky she's still alive. Sues the dealership and sues  
20 Winnebago because nowhere in the manual nor in the  
21 explanation was it told to her that on a vehicle that  
22 size the cruise control wasn't autopilot. She won.  
23 She won.

24 And we could just go through example after  
25 example like this, right? My first lawsuit I got in,

1 I was sued by an insurance company. I had a  
2 subcontractor commit fraud on their worker's  
3 compensation insurance. Black and white, fraud. I  
4 showed it to the attorneys, showed it to the insurance  
5 commissioner in the State of Georgia. Yep, that's  
6 insurance fraud.

7 And when I -- when I went through it, here's  
8 what the insurance commissioner's words to me were,  
9 and I'm like 24 years old. He said, son (inaudible)  
10 right, son, unfortunately, even though you've done  
11 everything right and you haven't done anything wrong,  
12 you're still 100 percent liable. And I'm thinking,  
13 that doesn't -- that doesn't add up to me. If I  
14 didn't do anything wrong, I did everything right, how  
15 am I still liable?

16 So the insurance company said you were using  
17 uninsured subs. It said -- essentially what happened  
18 was they kept fudging their insurance documents, their  
19 certificate, saying they had insurance, when they  
20 really didn't. And, so, we would request it from  
21 their insurance agent. What we didn't know was our  
22 contractors, their insurance agent was their cousin.  
23 So their cousin was -- was fudging and creating  
24 fraudulent documents saying that all of the insurance  
25 certificates were up-to-date, everything is good to



1 go.

2 And on our roofer and electrician, which was  
3 the same company, like two of the highest-risk things  
4 in Georgia, we were using uninsured subs for close to  
5 ten months out of the year. So they -- so when we got  
6 an audit, you always get an audit with worker's comp,  
7 not that you did anything wrong, you just get audited,  
8 they came back and they said, well, your bill, due  
9 upon receipt, is \$208,000. And I'm thinking, what?  
10 How did that happen, right?

11 So we went back and forth, back and forth,  
12 and I said, well, I don't have that to pay you right  
13 now, and even if I did, I wouldn't pay you -- I  
14 wouldn't even pay, I didn't do anything wrong. So, my  
15 attorney said, well, you have a couple options.  
16 Number one, you could sue the contractor, but does the  
17 contractor have any assets to levy against in the  
18 business? I said, no, I mean, nothing really. And he  
19 said, well, that's what we call judgment-proof. When  
20 you have an entity that's basically a shell, and you  
21 can sue it, you can get a judgment, but even when you  
22 win you still lose because you're not going to get  
23 anything.

24 He said, well, what about the insurance  
25 agent. I said, well, you've seen it, we've got a

1 paper trail. And he said we can win. He said if we  
2 sue Nationwide, that's who it was, if we sued  
3 Nationwide, we would win, but their goal would be to  
4 stall this out so long they're just going to try to  
5 starve you out. They got deeper pockets. It will  
6 take about two and a half to three years by the time  
7 the thing actually comes to fruition. And he said I'd  
8 be willing to represent you, and we're going to win,  
9 but I'm not going to do it on a contingency. You're  
10 going to have to pay as we go.

11 I started at \$450 an hour. I'm thinking,  
12 I'm not going to pay you 450 an hour for the next  
13 three years (inaudible) you know? Something that will  
14 shoot, you know? Is there anything else, you know?  
15 You got anything else? And he said, well, he said,  
16 you might be structured the right way, you might be  
17 judgment-proof. What's in your business? You know,  
18 what assets? And we had some -- a little bit of --  
19 you know, a little bit of cash that we kept in, and  
20 just some tools, nothing -- nothing big. And he said,  
21 well, you're structured the right way. He said, just  
22 tell them that you'll close the business down, you'll  
23 bankrupt the company.

24 So I said all right, you sure that's going  
25 to work? And he said, yeah, that's the -- that's the

1 legal system, right? So I went back to my insurance  
2 company, and I said I'm not going to pay you. And  
3 they said, well, we'll sue you, we'll get a judgment  
4 against you. And I said, well, I'll close the  
5 business, I'll bankrupt it and you won't get it. And  
6 they said we'll sue you. I said you're not listening.

7 And -- and they said, well, so is that it?  
8 I said, yeah, I'm not going to pay you. And they said  
9 see you in court. And I said, no, no, you won't. So  
10 I got off the phone; I called my attorney; I said,  
11 hey, you sure this is going to work?

12 (Laughter.)

13 NATHAN ROSSI: And he said, yeah, well, I  
14 said I just basically told them to put it in their  
15 pipe and smoke it. And he said, all right, let's file  
16 the final tax return, we'll close the doors of the  
17 business. We did, within one week we were completely  
18 dissolved and they sued a dead entity, got a default  
19 judgment for 208,000 plus attorneys' fees against the  
20 dead entity, and it stopped there. They weren't able  
21 to touch me personally. They tried, but they weren't  
22 able to because everything was separated, right? The  
23 business took the fall.

24 And, so, that's what you're wanting to  
25 create, a situation like that, to where even if you do

1 get sued, even if you do lose, you're -- you're  
2 protected, you're shielded from the liability of the  
3 actions of the business. Now, there are certain  
4 components that have to be in place. The first one is  
5 are all of your business filings.

6 So this is your articles of organization or  
7 incorporation. This is your IRS filings for your EIN.  
8 These are the annual -- annual fees associated with  
9 your business. Wherever you go, you're going to have  
10 to pay the Secretary of State an annual fee. And all  
11 of these things have to be up-to-date, so these  
12 filings. If you don't have any of these -- if you  
13 don't have one or all of these filings, you are not  
14 considered a legal business; you're considered a  
15 fraudulent business. You have to have all of them.  
16 They have to be up-to-date. They have to be accurate,  
17 and they have to be registered.

18 The second thing that you have to have is  
19 the IRS says that you have to prove, beyond any shadow  
20 of a doubt, your intent to make a profit. What's the  
21 key word? Intent. Intent. One of the most simple  
22 ways to prove your intent to make a profit is? Have a  
23 bank account open.

24 Thank you (inaudible).

25 The next thing that you have to have for

1 your business is what's called an operating agreement.  
2 And the operating agreement, many, many times, this is  
3 where people get hung up because the operating  
4 agreement, people think this, oh, well, I'll just go  
5 to LegalZoom, you know, and register my entity. I'll  
6 just go to IRS.gov, file for my EIN, no big deal, you  
7 know? I got my articles filed.

8 But the operating agreement is where a lot  
9 of people get screwed, and it's truly, in its purest  
10 sense, people just don't know what they don't know.  
11 And, so, this is something to where you don't want to  
12 navigate these waters on your own. This is, you know,  
13 number one -- top four reasons people fail -- fear, do  
14 it yourself, listening to the opinions of others, and  
15 lack of action. This is where DIY-ers think, oh, I  
16 don't -- I don't need to pay an attorney 800, 1,000,  
17 1,500 bucks to set this up and do it. I can do it.  
18 I'll just go set it up. Worst thing you could ever  
19 do.

20 An operating agreement is basically telling  
21 not only the world but it's telling a judge in -- when  
22 you get into litigation -- how your business functions  
23 and interacts in certain situations. So let me give  
24 you an example. How many of you have any entity set  
25 up right now, an LLC, a corporation of some type, just

1 anything, you have an entity set up? Okay.

2 And how many of you with your entity either  
3 you fall into one of these categories: either you are  
4 the only owner, it's you or your spouse that are the  
5 only owners, or it's you and a domestic partner that  
6 live under the same roof at the same address are the  
7 only owners? Raise your hand if that's you, you fall  
8 in that category. Okay.

9 So here's the thing, in a legal altercation,  
10 because you're considered single-member, a single-  
11 member entity, for legal reasons, you're treated as a  
12 sole proprietor. So meaning you personally, as a  
13 single-member entity, you personally are assuming 100  
14 percent of liability for your -- for your business.  
15 Right?

16 So not a lot of people factor that in. I'll  
17 just get it set up, I'll just go set up an entity, and  
18 I'll get going, I've got the LLC, everything is good  
19 or whatever, and you're still -- if you're a single  
20 member, you're still considered a sole proprietor if  
21 you get sued, so meaning your bank accounts, 401(k),  
22 IRA, your home -- the equity in your home, your cars,  
23 your vehicles are -- it's all -- it's all liable.  
24 Right?

25 Here's another one. How many of you have a

1 charging order in your -- in your operating agreement?

2 Okay, how many of you even know what a charging order  
3 is? So a charging order is in the event that -- not  
4 only that you get sued, but you lose, you get a  
5 judgment against you, the charging order is what's  
6 going to tell the judge, well, who's on the first,  
7 second, third, fourth, right? Is it directors,  
8 managers? Are you a manager in your business? Are  
9 you a director in your business? Are you a member in  
10 your business?

11 Because they're going to treat members and  
12 managers -- a member can't be held liable, but a  
13 manager can. Right? So all these little nuances,  
14 what you -- what do you call yourself? So, like, for  
15 instance, when you go and you sign a document, you  
16 sign a contract, and here's an interesting little  
17 nuance for you, if you go and you sign a contract, in  
18 the name of your business, you sign your name and then  
19 comma, and then what comes after the name?

20 AUDIENCE: Position.

21 NATHAN ROSSI: Your position. So if you put  
22 CEO, CEO is considered a director position. You now  
23 would assume liability. But if you're a member in  
24 your operating agreement and you sign, Nathan Rossi-  
25 comma-member, you signed as a member and not as a

1 manager or a director.

2 All these little things, right?

3 (Inaudible audience question or comment.)

4 NATHAN ROSSI: Nope. If you're a sole  
5 proprietor, no matter what the heck you sign, you're a  
6 sole proprietor. You're -- you're signing it. So you  
7 want to be what's -- what's considered -- you want  
8 your entity, in my opinion, to be what's called a  
9 multi-member entity. Multi-member, right? So it's  
10 you and a completely separate person that's not a  
11 husband or a wife or a spouse or a domestic partner of  
12 any sense. You need another person, like a true  
13 business partner, or another entity that can actually  
14 own -- own ownership in this entity. There's ways  
15 around it, right, but you can't be single-member.

16 And these are all things in your operating  
17 agreement that have to be in place. Otherwise, you're  
18 leaving yourself exposed. So what are things that can  
19 pierce this corporate veil? Like, meaning, if you got  
20 in a lawsuit or you got, you know, attacked or  
21 whatever it is, what are the things that would allow  
22 the affairs and the problems to pierce through the  
23 corporate veil and affect you?

24 Well, we just talked about one of them,  
25 being a single -- single-member entity. Well, another



1 very common one, another very common one is when  
2 people -- what is called commingle funds, commingle  
3 funds. So let's say that you're at the grocery store;  
4 you're at the store and you go to check out and you're  
5 -- you know, your wife has once again taken your debit  
6 card, your personal debit card, out of your wallet,  
7 even though you've told her, like, five times in the  
8 past month not to do that. And you've texted her and  
9 you've had conversations with her and you've told her  
10 that, listen, you've got your own card, stop using  
11 mine, not that that's ever happened to me.

12 (Laughter.)

13 NATHAN ROSSI: Okay? But you're at --  
14 you're at the checkout, and you go and you realize,  
15 oh, my gosh, you know what, I don't have my personal  
16 debit card. Well, let me just put the groceries on  
17 the business, and I'll pay the business back. Errnt!  
18 You just commingled the funds.

19 So what that means is now you and the  
20 business just functioned as one, and I've seen this  
21 before in real life, is that from that transaction  
22 forward, unless it's resolved and you can somehow, you  
23 know, I don't want to say fudge, but your CPAs will  
24 now prove that this is for the business, a corporate  
25 event or a company event or something, you know, but

1 if that goes unresolved as you just charged on the  
2 business a personal expense, from literally that  
3 transaction forward, you're not protected.

4 Okay, it is that serious. And, so, a good  
5 attorney, when they -- if they were to sue you, a good  
6 attorney, in the discovery period, before they would  
7 even try to do anything as far as proving the case  
8 that you were wrong in the specific situation, the  
9 first thing they're going to do is they're going to  
10 try to attack the legitimacy of your business and of  
11 your entity, because if they can prove that your  
12 entity is fraudulent, that it's not a legit entity,  
13 then by de facto, they've got you, right?

14 So a good attorney is going to say we need  
15 to see all the bank records from -- from the beginning  
16 of the business. And they're going to have somebody  
17 literally auditing through every bank statement, every  
18 transaction, where did this money go, where did that  
19 money go, why is -- you know, why does this say \$150  
20 here but it's only recorded as 130 there? Why -- you  
21 know, where -- they're going to be all in everything,  
22 looking for any way that they can dispute or find some  
23 reason why you're not a legit entity. Right? So,  
24 commingling funds.

25 The next one is you have to keep up with

1 your annual minutes. So every business has to log  
2 annual minutes and corporate meeting minutes for all  
3 of the owners. They have to have met at least once a  
4 year to discuss the affairs of the business. So you  
5 have to actually record a log of these corporate or  
6 annual minutes for the business.

7 So if you don't have the annual minutes, if  
8 you don't log those, if you -- so we said commingle  
9 funds. If you don't let your -- if you let your fees  
10 lapse, so you don't pay for your fees on the Secretary  
11 of State to keep your -- your entity active, they will  
12 administratively dissolve your entity, and now you're  
13 -- you're -- basically this corporate veil is gone and  
14 you and your business are one.

15 So the first concept, the first principle in  
16 asset protection, is what we call separation. We want  
17 to make sure that us and our business are two separate  
18 functioning entities and beings. Okay?

19 The second concept -- the second major  
20 concept of asset protection is what we call  
21 segmentation. Segmentation. So segmentation is --  
22 and think about it from this perspective. Separation  
23 is what we do to try to ward people off. So having  
24 been through a few lawsuits myself, I've come to the  
25 point to where I would rather prevent a lawsuit from

1     happening than to go through a lawsuit and win. All  
2     right?

3             And I don't want to go through a lawsuit. I  
4     don't like lawsuits. I don't like to sue people; I  
5     don't like to get sued. It seems like the only people  
6     that win are the attorneys and the courts, right? So  
7     I would rather prevent a lawsuit, and that's what  
8     separation is about. Segmentation is about, okay, if  
9     I get sued, if I've got to go through this, then it's  
10    damage control. I want to make sure that I'm  
11    effective the least amount possible, okay?

12            So when we talk about liability and being  
13    vulnerable in business, the highest risk element of  
14    any business is the human interaction. Right, so, if  
15    there's damage -- damage is done to a human --  
16    physical, financial, emotional, you know, whatever it  
17    is, it's the human interaction portion that's the  
18    highest liability. So the aspect of your company that  
19    interacts with humans, that's where you're going to  
20    run into the biggest trouble.

21            So what we want to do is we want to segment  
22    our business affairs, meaning this. We're going to  
23    have an entity that's going to more or less be, for  
24    our sake here today, we're going to call it our  
25    operating entity. Your operating entity is the one

1 that's going to control your Amazon store, so meaning  
2 this is going to have some cash in it, it's going to  
3 hold inventory, and it's going to be the one that's  
4 making the sales, interacting with the customer.

5 This entity, since it's interacting with the  
6 customer, has the most liability. What we want to do  
7 is -- so here's you up here. You're happy, okay.

8 (Inaudible) so you're up here. What you would want to  
9 do in the idea of segmentation is you'd also want to  
10 have an entity that I call a safe asset entity. Safe  
11 assets. So safe assets are assets, are things that  
12 don't interact with the -- with the public a lot, with  
13 other people.

14 So these would be things like this. Let's  
15 say that you had excess cash. So let's say you had  
16 several hundred thousand dollars in cash just laying  
17 around. But you wouldn't want it in the personal bank  
18 account, and you wouldn't want to keep it in your  
19 operating bank account. So, again, even if -- so what  
20 we're saying is this, so this -- this is operating.  
21 This is really what this is right here, right?

22 So what we're saying is this. Worst-case  
23 scenario, if this business, this entity gets sued, and  
24 in an even more worst-case scenario, it gets sued and  
25 then for some reason they somehow access us

1 personally, what we're saying is we don't want to have  
2 all of these assets in our own personal name. So we  
3 want to create a separate entity. Many times an  
4 attorney will tell you an LLC of some type that's  
5 maybe taxed as an S corp if you have S election. So  
6 excess cash.

7 If you have gold, silver, right, the  
8 precious metals. If you have a brokerage account, so  
9 paper assets, stocks, bonds, mutual funds, real  
10 estate. So you have a lake house, a mountain house, a  
11 boat. So safe assets, these are things that really  
12 aren't going to have a lot of human interaction.  
13 These are just yours.

14 So the worst-case scenario, if you  
15 personally are somehow made party to the suit, what's  
16 in your name personally is very little. You've got an  
17 entity, a shell over here, a little bucket that's  
18 keeping these things safe. And that (inaudible) more  
19 than one (inaudible).

20 I -- I would always recommend that, but,  
21 again, if you were going to have a single-member  
22 entity, it would be this one right here, because the  
23 reality is this is just -- this is not going to have a  
24 lot of human interaction. But if you wanted to make  
25 it multi-member, here -- here's a simple way of doing

1 it. So you have an entity that has two members,  
2 right? And member number one is you. Member number  
3 two is an entity here that you own, and it's going to  
4 be single-member, and then this entity has ownership  
5 in this one down here. So now this is considered  
6 multi-member.

7 AUDIENCE: Say that again.

8 NATHAN ROSSI: You have -- this is you. You  
9 have an entity that's a single-member entity, so just  
10 whatever LLC. And then you are a 50 percent owner and  
11 this entity is a 50 percent owner of this entity down  
12 here. Now, this entity becomes multi-member, which is  
13 what creates the corporate veil between you and the  
14 business.

15 And if you wanted to even make it more,  
16 yeah, and then you could put everything in a trust.  
17 But just understand, trusts don't give you any legal  
18 protection. So you've got the segmentation. Now  
19 we're divvying up the pie again, right? So let's say  
20 that as your business grows, as your business grows,  
21 the operating side, let's say that you look and say,  
22 hey, we're going to get some equipment for our  
23 business. We're going to start producing and  
24 manufacturing or whatever it is, and we're going to  
25 have some equipment.

1 Well, you wouldn't want to put the equipment  
2 in this entity because you wouldn't want to risk the  
3 liability of the operate -- the operators of that  
4 equipment getting damaged or hurt, or if you got sued  
5 by a customer down here, right, you wouldn't want  
6 those assets of equipment, the value, to be party to a  
7 lawsuit.

8 So what you would do is you would open up  
9 another entity for equipment. And this entity would  
10 lease the equipment to your operating entity. Let's  
11 say you wanted to get an office, get an office space.  
12 And you, instead of renting, let's say that you wanted  
13 to buy the office building, be an investment for you.  
14 You have a real -- an entity that held your real  
15 estate and would lease to the operating entity, so you  
16 would lease space from one entity to the next.

17 Let's say that you might want a corporate  
18 vehicle, right? How many of you want a company car?  
19 Every hand -- raise your hand. You want a company  
20 car, yeah. And Maseratis are okay with me. As a  
21 matter of fact, Ben -- Ben's wife just bought a  
22 Maserati, right? That was her dream car, right?

23 AUDIENCE: One of them.

24 NATHAN ROSSI: One of -- one of them, right?

25 Or a Range Rover. Not too bad, right? He



1 just had -- so Ben bought a Range Rover, and his wife  
2 -- and his wife was like, wait a minute, you're not  
3 going to do that without me. And two days later went  
4 and bought a Maserati. Sorry.

5 Luke, when are you getting your McLaren?

6 LUKE: About a year.

7 NATHAN ROSSI: All right. So, anyways,  
8 company car, right, some vehicles. And the vehicle  
9 would lease to the operating business, or just to you  
10 personally. So as your business grows, do all these  
11 entities, but regardless of if you have equipment,  
12 real estate, vehicles, what you will definitely want  
13 to have with your private label is what I call an IP  
14 entity.

15 And the IP entity is the entity that's going  
16 to own all the intellectual property for your company,  
17 your products, and your brands. So it's going to own  
18 your brands' names, trademarks, patents, copyrights,  
19 royalties, license agreements, right? All the  
20 intellectual property, the name, everything. And what  
21 it's going to do is it's going to license all the  
22 intellectual property to your operating agreement.

23 And here's why this one's big, because in  
24 the event that you get sued, and you lose, and not  
25 only do you lose, but you lose, like, big-time, okay,

1 if you had all of this in one entity, it would be the  
2 equivalent of driving down the road, the highway, and  
3 something happens and you total your vehicle, right?  
4 Irreparable, totaled, it's done. But if you have  
5 everything segmented, then it's just like you just  
6 blew out a tire.

7 So what happens is the entity goes down, and  
8 then tomorrow or next -- next week, you open up  
9 another entity, and you re-lease the vehicle, the real  
10 estate, the equipment, and you now relicense the whole  
11 brand, all the patents, copyrights, trademarks,  
12 license agreements to the new entity, and you move on.

13 So this is the way -- have you ever seen  
14 where it's like, you know, you see a brand, and it's  
15 like, I'm thinking, I'm like Johnson & Johnson. There  
16 will be such-and-such -- you know, such-and-such soap  
17 for kids by Johnson & Johnson Company. You ever seen  
18 that before, right? Oh, such-and -- you know, the --  
19 the incredible such-and-such toy for kids by Tyco,  
20 which is a Mattel company, right? You see, it's like  
21 -- you know, well, like who is it, you know?

22 Or on movies, like the first 60 seconds, the  
23 opening roll, there's like an ABC Film, in connection  
24 with such-and-such-such productions, doing business  
25 with such-and-such studios, connected with. And

1     you're, like, all right, yeah, we get it, okay? Like,  
2     all right. But that's -- why do you -- why do they do  
3     all that? This right here.

4             Right? So in the event that somebody gets  
5     sued or the main operating company gets sued, it  
6     doesn't take the whole structure, the whole brand, all  
7     everything down. It just blows out a tire, right, and  
8     now they can just kill the entity and create a new one  
9     and keep moving.

10            (Inaudible audience question or comment.)

11            NATHAN ROSSI: Every airplane has its own  
12     entity. Asset protection. I believe I'm at 19  
13     entities right now for all my companies.

14            (Inaudible audience question or comment.)

15            NATHAN ROSSI: Correct. Yep.

16            (Inaudible audience question or comment.)

17            NATHAN ROSSI: Correct.

18            Yeah, and depending on your risk tolerance,  
19     right, I mean, you could -- depending on your risk  
20     tolerance, you could have a -- you know, you could  
21     create a manufacturing entity that would produce all  
22     the products and then would sell at wholesale to your  
23     operating entity. So at any given time, you just got  
24     a small portion of inventory in the operating company,  
25     but you've got the 10,000 units here in the

1 manufacturing entity, right?

2 So -- and depending on your risk tolerance,  
3 you can -- you can keep chunking this thing down,  
4 right? And the more -- you know, an email like this,  
5 I mean, it's like the deeper that you chunk down on  
6 it, the more control you have over the situation,  
7 right? The more -- well, if you're more risk-adverse,  
8 right, the more granular level you're going to  
9 actually want to be on. Make sense?

10 (Inaudible audience question or comment.)

11 NATHAN ROSSI: They could. They could, but  
12 it won't stick, unless that entity's been in  
13 interaction with them. So if somebody said, oh, well,  
14 we're going to sue this one and also we're also going  
15 to sue all of these because they're really just  
16 functioning as one, then you would be able to look and  
17 say, uh, no, my vehicle is not functioning as one in  
18 my operating business.

19 This is a business and my proof -- my proof  
20 of intent of making profit is this right here. I'm  
21 not in the manufacturing business, or I don't even  
22 have an Amazon company. This is in the business of  
23 leasing cars, and here's my client. Right?

24 I'm not -- we're not in the business of  
25 selling stuff on Amazon. We're a manufacturing

1 company that sells to retailers. Right? So all you'd  
2 have to prove is just the individual intent for the  
3 independence of each entity to show that, hey, this is  
4 a legitimate standalone entity.

5 AUDIENCE: (Inaudible) what part of your  
6 business is making money and what part of it  
7 (inaudible).

8 NATHAN ROSSI: You know, for your personal  
9 side of things, say I don't use the entity for my  
10 personal tracking and stuff like that. You know, the  
11 -- really the big benefit if your -- I -- I will go on  
12 record as saying this. I'm of the opinion that every  
13 person should have a business entity open, if for  
14 nothing else other than tax -- tax benefits. You  
15 substantially reduce your tax liability by being able  
16 to have an entity and operating. You can write off  
17 like 80 percent of your life. Right?

18 So -- and tax strategy is a form of asset  
19 protection. So let's jump into this and then we'll go  
20 to break. So not to get political, but remember when  
21 he and she were debating each other, and she put him  
22 on blast, and she was like grandstanding on, well, he  
23 doesn't pay taxes, and he hasn't paid taxes, and blah,  
24 blah, blah, blah, and he's a fraud, and he hasn't paid  
25 taxes.

1           And she was, like, really, like, you know,  
2     making this huge thing. How many of you remember  
3     that, right? And then he just -- after she, like, you  
4     know, grandstands on it, he leans in the mic and he  
5     said, that just makes me smart, right? How many of  
6     you remember that, right?

7           AUDIENCE: I don't remember that.

8           AUDIENCE: That's what he said.

9           NATHAN ROSSI: So -- okay, so, here's the  
10    thing, whether you -- whether you like him, her,  
11    whether you hate both of them, whatever it is, here's  
12    my question to you. Take it out of the political  
13    arena and put it in this room. If you could legally,  
14    ethically, and morally keep more of your paycheck and  
15    your money every month, how many of you would want to  
16    do that? So that's what we're going to talk about  
17    here. Oh, and by the way (inaudible) Hillary dug all  
18    those things up --

19          AUDIENCE: They both -- they both  
20    (inaudible).

21          NATHAN ROSSI: I'm just throwing that out  
22    there. They're all buddies behind the scenes.

23          All right. So entities, how you get paid.  
24    The IRS taxes -- taxes income at as high a --  
25    depending on your state, up to 54 percent. They tax

1 wealth at zero percent. The difference between the  
2 rich and the poor is financial education. The same  
3 loopholes that the wealthy have are available to you  
4 (inaudible) you just have to know how to use it.

5 You don't have to agree with the IRS tax  
6 code, you don't have to like it. You should know how  
7 to utilize it for you and your family, though.  
8 There's some things that I look and I say, not fair,  
9 but whether it's fair or not, I'm going to use it to  
10 my benefit. (Inaudible).

11 Who writes the rules of the rich? The rich?  
12 I mean the rules of money? The rich or the poor?

13 AUDIENCE: The rich.

14 NATHAN ROSSI: The rich do. Who are they  
15 going to write it to benefit?

16 AUDIENCE: The rich.

17 NATHAN ROSSI: The W-2 employee, you have to  
18 understand the IRS tax code. The IRS tax code is like  
19 the playbook for the wealthy, but it's the stick that  
20 beats the poor and the middle class back down into  
21 their class. But if you understand the context in  
22 which it was framed and it was written, you can begin  
23 to see it through different eyes.

24 So little -- little fun fact, a little  
25 trivia question for you guys. The IRS was started in

1 1913. What other entity or body was created in 1913?

2 AUDIENCE: The Federal Reserve.

3 NATHAN ROSSI: Say it again.

4 AUDIENCE: The Federal Reserve.

5 NATHAN ROSSI: The Federal Reserve. How  
6 many of you know that there's nothing federal about  
7 the Federal Reserve? How many of you didn't know that  
8 and thought that there was? How many of you are mad  
9 at me at my Trump/Hillary statement?

10 (Laughter.)

11 NATHAN ROSSI: There's nothing federal about  
12 the Federal Reserve. It's really more like a private  
13 cartel. Well --

14 AUDIENCE: Yeah, that's -- that's a good --  
15 that's a good analogy.

16 NATHAN ROSSI: A conglomerate. We'll use  
17 conglomerate, okay?

18 (Laughter.)

19 NATHAN ROSSI: It's a private conglomerate  
20 of banks that fund -- that lend money to the U.S.  
21 Government. So the way that it works is this. The  
22 Government says, we need money to fund a war; we need  
23 money to build infrastructure; we need money to bail  
24 out the American people; we need money to whatever --  
25 entitlement programs, whatever they are, right?



1           And, so, the Government goes to the Federal  
2     Reserve and says, we need \$500 billion. The Federal  
3     Reserve says, great, let's get -- let's crank up the  
4     printing presses, let's get it going. And, so, they  
5     say, well, how are you going to pay it back? This is  
6     a loan. How are you going to pay it back?

7           That's where the IRS comes in. The  
8     Government says, well, we'll tax the people. We'll  
9     pay back the loan by collecting taxes from the people.  
10    And, so, thus, the IRS, the Federal Reserve created  
11    the same year. So the IRS is there to collect on the  
12    debts of the Government. So how many of you heard,  
13    oh, we're \$21 trillion in debt. How many of you heard  
14    that, right? We're not in debt; the Government's in  
15    debt. But we're just the ones paying for it.

16          So the IRS tax code is written by the  
17    wealthy or the people that represent the Federal  
18    Reserve. So the Federal Reserve is all about getting  
19    their money back through taxes, and so here's how they  
20    write it. We're going to reward those people that  
21    represent more tax revenue. So the more tax revenue  
22    or tax money that somebody represents, the more  
23    rewards and breaks and loopholes we're going to give  
24    them.

25          The less amount of money in taxes that

1     somebody represents, we're going to stick it to them.  
2     We're going to punish them. So who is the person, the  
3     individual, the brackets, who represents the least  
4     amount of tax revenue for the IRS?

5             AUDIENCE: The poor.

6             NATHAN ROSSI: The poor, but what kind of  
7     position?

8             AUDIENCE: The worker.

9             NATHAN ROSSI: The worker, the employee,  
10     because they only represent their own individual one  
11     revenue stream of taxes, whereas, say, an entrepreneur  
12     who has 50 employees represents 50 streams of tax  
13     revenue for the Federal Reserve and the IRS. You guys  
14     see it?

15             A real estate entrepreneur who owns an  
16     apartment complex, a mobile home park, who's providing  
17     housing for all these different people is now creating  
18     infrastructure and stability within a city, within a  
19     county, within a state, and so you get massive tax  
20     savings in real estate. Did you know that there's an  
21     80 percent -- and I just learned this this past year.  
22     Do you know there is an 80 percent tax deduction on  
23     oil investments? Meaning you could lose 80 -- you  
24     could go negative 80 percent ROI and still break even.

25             Hey, just giving you guys -- peeling back

1 the layers for you, okay? So here's how this works.  
2 So a job, an employer, goes to pay an employee, and  
3 this is called income. So you have this paycheck  
4 here, right? And then the paycheck goes down to the  
5 employee, right? If you could physically watch a  
6 person getting paid from the company, who takes their  
7 money first?

8 AUDIENCE: The Government.

9 AUDIENCE: The IRS.

10 NATHAN ROSSI: Right? So what happens is  
11 depending on your state, and you guys kind of happen  
12 to be in, like, the worst state ever for taxes --

13 AUDIENCE: Even more than Massachusetts?

14 NATHAN ROSSI: Yes. What's going to happen  
15 is, depending on how much money you make, you'll lose  
16 up to 54 percent of your tax -- of your check in  
17 taxes. So it's like Uncle Sam pulls up to your  
18 paycheck with a bib on and starts going to town like  
19 he's at a buffet, okay? And you have to live on  
20 whatever's left, because he gets paid first, and so  
21 now you're -- you're left to live on whatever's left.

22 This is the -- this is the -- this is why  
23 employees who are working for somebody else will never  
24 get ahead. You can't retire working for somebody  
25 else. You can't make enough money working for

1       somebody else because the tax system, the tax code, is  
2       meant to punish this person.

3               And that's not conspiracy either. But it's  
4       -- it's because this is called income. But if you  
5       open up a business, it's not a job who's paying you;  
6       it's the marketplace is paying you. And this isn't  
7       considered income; this is considered revenue. We  
8       don't get taxed on revenue. You have revenue minus  
9       cost of goods sold or cost of services sold, and that  
10      brings us down to gross profit. Well, the good news  
11      is we don't even get taxed on gross profit. We have  
12      this loophole here the size of California called  
13      operating expenses.

14             After we take out all of the operating  
15      expenses, we're left with what we call net operating  
16      income. But we don't get taxed on net operating  
17      income because we still have to factor in debt service  
18      and depreciation and losses -- losses from litigation,  
19      losses from investment. If we buy at 100 and sell at  
20      80, we have losses. We can deduct those.

21             And down here, if there's anything left,  
22      this is what's called net profit, and we pay -- we  
23      don't pay that in taxes; that's the number that we get  
24      taxed on. So you'll pay a percentage of this number  
25      in taxes. So the question now becomes what number do

1       you want to pay taxes on. This number or this number?

2               AUDIENCE: That number.

3               NATHAN ROSSI: Exactly, that number down  
4       there. And that's the beautiful world of business  
5       ownership and entrepreneurship is that you can write  
6       off so much stuff. So let's talk real quick about  
7       these little operating expenses here, because these  
8       little bad boys are awesome.

9               AUDIENCE: A Maserati.

10              NATHAN ROSSI: Maserati, correctamundo, sir.  
11       So an operating expense, if you're taking notes, which  
12       I hope you are, an operating expense is defined as  
13       anything -- or is it any expense that is tied to your  
14       intent to make a profit. Any expense that's tied to  
15       your intent to make a profit. Now the good news about  
16       this is the IRS doesn't mandate that you are a good  
17       financial manager. They don't say, well, there's like  
18       levels of -- you know, you can only do, right?

19              So, like, for instance, let's talk about it.  
20       You're opening up in D commerce business. What are --  
21       what -- what types of things are you going to need for  
22       your D-comm business?

23              AUDIENCE: A computer.

24              AUDIENCE: (Inaudible).

25              NATHAN ROSSI: A computer, right? So, yeah,

1 so here's what I mean by the IRS doesn't get into you  
2 can only do so much, right? They don't say to you,  
3 well, you can only get -- you're just starting, we'll  
4 only let you write off a Netbook from Walmart.  
5 They're 199. No, you want to say, you know what, I  
6 need a \$3,800, you know, iMac computer for my  
7 business, and you can write off 3,800. Okay, so a  
8 computer.

9 And how many of you are going to download  
10 the app on your smartphone to run your business from  
11 your phone? Every hand should be up. So cell phone.  
12 So now your cell phone, the cost of your phone just  
13 became a writeoff. Your monthly bill became a  
14 writeoff. Now, if you're going to have a phone for  
15 business, you also have to have one for personal,  
16 because if you ever get audited, they'll say, well,  
17 this is business, where's your personal one.

18 So what you do is this. You go get a magic  
19 jack for about 9.99 a year, get an old phone, put a  
20 little label on the back of the phone that has the  
21 phone number and throw it in the closet. So if you  
22 ever get audited, they say where's your personal  
23 phone, you go rummage through and you say here it is,  
24 plunk, stick it in the wall, and say call, you know,  
25 call this number right here. And if it rings, you're

1 good.

2 What else?

3 AUDIENCE: The guy here, the Maserati he  
4 bought.

5 NATHAN ROSSI: Yeah, so vehicles, right,  
6 yeah. The company cars. And two ways to do company  
7 vehicles. So number one, if you use a personal  
8 vehicle for business, you can write off the mileage.  
9 I believe it's 58 cents a mile, right? But if you do  
10 -- if you put a car in the name of your entity, so  
11 like I just bought my wife a company car, a 2017 QX80,  
12 sitting on some 22s, and it's bad, right? I'll show  
13 you a picture later, but anyway, we put it in the name  
14 of our business. Well, here's the cool thing.  
15 Everything associated with the vehicle is now a  
16 business expense -- the gas, insurance, maintenance,  
17 oil changes, windshield wipers. When my wife, on the  
18 third day she had it, scratched the rim on the curb,  
19 we had to get it fixed, it was a business expense,  
20 right?

21 You can have depreciation. Depreciation on  
22 the vehicle. Everything associated now becomes a  
23 business expense. What else?

24 (Inaudible audience question or comment.)

25 NATHAN ROSSI: Yeah, so office supplies and

1 equipment. What else?

2 AUDIENCE: Travel.

3 NATHAN ROSSI: Ooh, yeah, travel. So say  
4 this with me, I no longer.

5 AUDIENCE: I no longer.

6 NATHAN ROSSI: Come on, come on. I no  
7 longer.

8 AUDIENCE: I no longer.

9 AUDIENCE: Take vacations; I take business  
10 trips.

11 (Laughter.)

12 NATHAN ROSSI: Yes. I no longer take  
13 vacations; I take?

14 AUDIENCE: Business trips.

15 NATHAN ROSSI: Okay? So going back to what  
16 I was saying yesterday, how many of you would find it  
17 absolutely unquestionably necessary to source  
18 inventory from the dollar store in Maui three times a  
19 year?

20 (Laughter.)

21 AUDIENCE: Can I say Tahiti instead?

22 AUDIENCE: Better still.

23 NATHAN ROSSI: Miami has great dollar  
24 stores, too, right? Now, here's the thing. You say,  
25 come on, seriously? Oh, yeah, I'm dead serious.



1           As long as I can show an intent to make a  
2   profit. So I go down to Maui, buy a -- buy some stuff  
3   from the gift store at the resort, the dollar stores  
4   up and down there, and I list it online. I bought it  
5   for a dollar; I'm going to list it online for \$100.

6           If I sold that, would I made -- would I make  
7   a profit? Have I now proven my intent?

8           AUDIENCE: Yeah.

9           NATHAN ROSSI: Now we also happen to be a  
10   real estate company. We also happen to put in an  
11   offer on some property while we were down there. We  
12   found this beautiful 358-acre land. It's up in the  
13   up-country in Maui. It's called Ko'olau, 350 acres.  
14   It's all got the utilities ready to go for us. It was  
15   7.8 million. We put in a \$150,000 offer.

16          (Laughter.)

17          NATHAN ROSSI: If we got it for 150,000,  
18   wouldn't we show a profit?

19          AUDIENCE: Absolutely.

20          NATHAN ROSSI: Sure would. I actually had  
21   somebody say to me one time, well, what if they accept  
22   the offer. Buy the property!

23          (Laughter.)

24          NATHAN ROSSI: Right? Or call me. I'll buy  
25   the property from you, right?

1 (Inaudible audience question or comment.)

2 NATHAN ROSSI: But I've shown an intent to  
3 make a profit. Okay? So, yeah, so business trips.

4 What else?

5 AUDIENCE: Entertainment.

6 NATHAN ROSSI: Yeah, so we'll call it  
7 entertainment, which is also -- so many times it's  
8 considered meals and entertainment.

9 AUDIENCE: Yeah, meals.

10 NATHAN ROSSI: So if I go out to eat -- so  
11 like you guys have been here this weekend. How many  
12 of you have gone out to restaurants since you've been  
13 here? So you can write that off. What percent can  
14 you write off? Okay, how many of you want to know how  
15 to write 100 percent? 100 percent? So meals and  
16 entertainment, the IRS says, hey, if you're going to  
17 take a client out and talk about business, it's kind  
18 of like you have to eat anyway, so like we'll take  
19 half, you take half.

20 But if the food that you're consuming was a  
21 part of a corporate event, then now it's an operating  
22 expense for a corporate event and not just meals and  
23 entertainment, and you can write off 100 -- it's  
24 considered a business expense and you write off 100  
25 percent of it.

1           Now, if you -- if you have a corporate event  
2   every night at 6:00 p.m., you're -- you might -- you  
3   might trigger an audit.

4           (Laughter.)

5           NATHAN ROSSI: Okay?

6           AUDIENCE: Now, can you have corporate  
7   events on New Year's Eve at a fancy restaurant?

8           NATHAN ROSSI: You sure could.

9           AUDIENCE: What was the question?

10          NATHAN ROSSI: Can you have a corporate  
11   event at a fancy restaurant on New Year's Eve?

12          AUDIENCE: Oh.

13          AUDIENCE: You can have corporate parties  
14   all the time and write them off. New Year's Eve,  
15   Christmas Eve.

16          NATHAN ROSSI: All right, so, like we're --  
17   this is just scratching the surface here. What else?  
18   Come on, get -- let's have some fun with this thing.

19          AUDIENCE: Your office space.

20          AUDIENCE: Your paycheck.

21          NATHAN ROSSI: Yeah, that's all the basic  
22   stuff here. That -- let me -- let me creak the door  
23   open for you. How many of you if you were your own  
24   boss, you'd be like the coolest boss ever to yourself?  
25   Okay, great. So me as my own boss, I as an employer,

1 I'm very concerned as me as an employee's retirement.

2 So legally, what percent can an employer match an  
3 employee's 401(k)? A hundred percent.

4 So don't quote me on this, but I -- I  
5 believe this year, your contribution to a 401(k) is, I  
6 believe, 18,250. So here's the thing, if you  
7 contribute as an individual 18,250 to your 401(k), if  
8 you're older, then you can contribute more through a  
9 catchup provision, but then you as an employer can  
10 match 18,250, and now you've just double -- double  
11 contributed to your 401(k), and your contribution as  
12 an employer is also tax deductible. So you're  
13 reducing your taxable amount by that.

14 What about -- what's the number one killer  
15 in America?

16 AUDIENCE: Guns.

17 NATHAN ROSSI: I think I heard somebody say  
18 it.

19 (Inaudible audience question or comment.)

20 NATHAN ROSSI: No. Stress-related diseases.

21 AUDIENCE: Health insurance?

22 NATHAN ROSSI: Right? So we could have --  
23 number one, be able to get our health insurance as a  
24 writeoff. We could have an HSA, a health savings  
25 account, which is about a \$7,200 tax deduction. And

1 we're not going to just stop with health insurance.

2 What other insurance?

3 AUDIENCE: Liability insurance.

4 NATHAN ROSSI: Liability.

5 (Inaudible audience question or comment.)

6 NATHAN ROSSI: Life. Vision. Dental. We  
7 want to make sure that we're not stressed out. And  
8 how many of you would make it absolutely mandatory for  
9 you to be non-stressed out to get a massage once a  
10 week?

11 (Inaudible audience question or comment.)

12 AUDIENCE: (Inaudible) some marijuana?

13 (Laughter.)

14 NATHAN ROSSI: I don't know if weed's a part  
15 of that, man.

16 (Laughter.)

17 AUDIENCE: Medical marijuana.

18 NATHAN ROSSI: Hey, the company will support  
19 one ounce a week.

20 (Laughter.)

21 (Inaudible audience question or comment.)

22 NATHAN ROSSI: Oh, family and kids. How  
23 many of you have minors? How many of you have  
24 minors? Here's how you can (inaudible) a minor. How  
25 many of you saw a picture of my daughter this weekend?

1       What -- what did she just become?

2               AUDIENCE:   A super hero.

3               NATHAN ROSSI:   A child actor or a model.

4               AUDIENCE:   You opened up a store for her.

5               NATHAN ROSSI:   A model.   So you can pay your  
6       kids.   Take a picture of them, maybe you're doing a  
7       presentation somewhere, and you would show your  
8       daughter and pay my daughter as a model, pay your kids  
9       as a model.   How many of you want to write off your  
10      dog?

11              (Laughter.)

12              NATHAN ROSSI:   Or your cat?   No, I'm being  
13      dead serious.

14              (Inaudible audience question or comment.)

15              NATHAN ROSSI:   Here's what you do.   For your  
16      business -- for your business, your dog -- make your  
17      dog a mascot for your business.   And they're a part of  
18      the branding for your company.   And, so, in every  
19      postcard, in every social media, you know, Facebook,  
20      Buzz, Instagram, whatever, you know, your dog is  
21      modeling a shirt or something with, you know, your --  
22      as part of your brand.   And, so, now, your dog becomes  
23      a business (inaudible) writeoff.   Food, vet bills,  
24      grooming.

25              You say, come on, this is really taking

1 advantage of the system. Hey, I didn't write the  
2 rules, I just know how to play by them.

3 You can really keep going with this. But  
4 one of the big things that nobody's said yet is?  
5 Education.

6 AUDIENCE: Training.

7 AUDIENCE: This education that we're writing  
8 off.

9 NATHAN ROSSI: This education here, so your  
10 995 or whatever it was to be here this weekend, and  
11 also at any level moving forward, your education. I  
12 told you yesterday I'd show you how to get the IRS to  
13 pay you for this, right? So this is a combination of  
14 tax strategery --

15 AUDIENCE: Strategery.

16 NATHAN ROSSI: -- and also leveraging and  
17 using OPM, yes.

18 AUDIENCE: To get the company going and all  
19 that (inaudible)?

20 NATHAN ROSSI: It depends on what you  
21 declare as actual wages. So many of you will -- will  
22 probably start off with what's called an S  
23 corporation, which is a flow-through entity versus a C  
24 corporation, which is double taxation. With an S  
25 corporation, what you'll end up doing is is you will

1 pay yourself distributions, and then the IRS says that  
2 you have to pay yourself -- literally, this is the IRS  
3 terminology -- you have to pay yourself a reasonable  
4 wage. So, well, what does that mean, reasonable to  
5 whom, right?

6 So it's a big gray area there. But what  
7 you'll do is you'll pay yourself distributions, which  
8 is considered part of retained earnings and  
9 shareholder -- shareholder's equity. And then out of  
10 the distributions that you pay yourself, which you  
11 declare on your K-1, you'll -- you'll choose -- your  
12 CPA will do this -- will look and say, based upon the  
13 operations of the company and the sales, how much  
14 money's going through here, this portion of those  
15 distributions, we're going to go back and call that  
16 wages. So this is what's reasonable as a actual wage  
17 to be paid. And you'll pay FICA and Social Security  
18 and everything on that wage.

19 AUDIENCE: (Inaudible).

20 NATHAN ROSSI: Correct. So here's the  
21 thing. When we look at a business, we have financial  
22 statements, understanding how money flows through a  
23 business is huge. So in its basic form, assets  
24 produce income; liabilities produce expenses. Income  
25 minus expenses equals cash flow. Okay?



1 (Inaudible audience question or comment.)

2 NATHAN ROSSI: Assets and liabilities,  
3 income and expenses. Assets produce income;  
4 liabilities produce expenses. Income minus expenses  
5 equals cash flow.

6 So let's say hypothetically that you are  
7 enrolling in the diamond package, okay, 35,000. I'm a  
8 big proponent of using debt in business. It's a great  
9 way to offset profits. It's a great way to reduce  
10 your taxable amount, and I like using other people's  
11 money and not my own. So you leverage, instead of you  
12 writing a check, you use one of your -- your best four  
13 friends -- Visa, Mastercard, AmEx, or Discover.

14 So what happens is you take 35,000 off of  
15 the card, and you make your payments. But two things.  
16 Number one, how much money left your bank account?  
17 You swipe your AmEx, your Visa, your Mastercard, how  
18 much money left your bank account?

19 AUDIENCE: Whatever was there is still  
20 there.

21 NATHAN ROSSI: Zero. Right? Now, I'm not  
22 asking 30 days from now. I'm just saying at this  
23 moment. Okay, so, zero has left your bank account,  
24 but essentially what's happened is this. What you  
25 could do -- and I'm not advising you, I'm just giving

1     you my opinion on what's possible. What you could do  
2     is you could look and say, well, I am going to loan my  
3     business \$35,000.

4             When you loan your business \$35,000, the way  
5     that this shows up on your financial statement is  
6     this, is you have a loan, a liability, of \$35,000, and  
7     it would look at -- it would look like cash on hand,  
8     35,000, which would convert over into you now own a  
9     training program. That becomes one of the assets for  
10    your business. Education.

11            So we know that at the moment \$35,000 has  
12    been transferred, but nothing came out of your bank  
13    account. So we know that 30 days later, what's  
14    coming? The bill. So let's figure out what our bill  
15    would be on 35,000. So the first thing is this, part  
16    of the -- one of the worst bills in recent history,  
17    which was the Dodd-Frank Bill (inaudible) part of that  
18    was it dealt with predatory lending. And what it said  
19    was a creditor has to give a repayment plan to a  
20    debtor that allows them to at least pay 4 percent of  
21    their principal off annually.

22            So your minimum payment is going to be 4  
23    percent of your debt, divided by 12, with the interest  
24    rate on that debt divided by 12. So 4 percent of  
25    35,000 is what?

1 AUDIENCE: 1,400.

2 NATHAN ROSSI: How much?

3 AUDIENCE: I don't now.

4 NATHAN ROSSI: Do a calculator. Don't

5 guess.

6 Okay, so \$1,400, divided by 12 months equals

7 -- 1,400 divided by 12. How much?

8 AUDIENCE: \$116.67.

9 NATHAN ROSSI: 116.67. Okay, that's the  
10 principal. Interest -- you tell me. What's -- you  
11 pick the interest rate. What's a average interest  
12 rate on your credit cards? What do you have?

13 AUDIENCE: Twenty percent.

14 NATHAN ROSSI: Twenty? Fifteen?

15 AUDIENCE: Twenty-eight.

16 NATHAN ROSSI: Twenty-eight? What else?

17 Zero? Yeah, you can get a zero. And, so, I heard  
18 everything from 0 to 28 and a little bit in between.  
19 So 15, 18, is that fair? What do you want to choose,  
20 15 or 18?

21 AUDIENCE: Eighteen.

22 NATHAN ROSSI: Eighteen. So what's 18  
23 percent of 35K?

24 AUDIENCE: 6,300.

25 NATHAN ROSSI: 6,300. Divided by 12 months.

1 AUDIENCE: 525.

2 NATHAN ROSSI: So now somebody do 525 plus  
3 116.67.

4 AUDIENCE: 641.

5 NATHAN ROSSI: How much?

6 AUDIENCE: 641.

7 NATHAN ROSSI: So 641. Okay, so, you had an  
8 -- if you enrolled in a diamond level, you used a  
9 credit card with an 18 percent interest rate, your  
10 minimum payment would be \$641 a month. How many  
11 months do you think it would take you to make your  
12 \$35,000 back? Three months, four months, six months,  
13 nine months?

14 AUDIENCE: Depends on you.

15 NATHAN ROSSI: It does, but from what you've  
16 seen this weekend, from the examples that we've shown,  
17 from what you see is possible, and I'm assuming you're  
18 going to, like, work this business, so you're going to  
19 work this business. How many months? What do you  
20 think?

21 AUDIENCE: Six months.

22 NATHAN ROSSI: Six months?

23 AUDIENCE: Six months to pay back the 3,500?

24 NATHAN ROSSI: Is that fair? Is six months  
25 fair?

1 AUDIENCE: Yes.

2 NATHAN ROSSI: I want you to give me the  
3 number. Is that fair? Yes or no?

4 (Inaudible audience question or comment.)

5 NATHAN ROSSI: Hello?

6 AUDIENCE: Six months.

7 NATHAN ROSSI: Okay, I'm hearing six months.

8 So it's six months. So \$641 times six months is what?

9 3,846, okay? So for those of you that want  
10 to go with the year, double that. Seven what?

11 AUDIENCE: 7,692.

12 NATHAN ROSSI: If we make a \$35,000  
13 investment, what we're saying is we're reducing  
14 our taxable amount by that much. So what's the tax  
15 rate -- what's the effective tax rate that you  
16 Californians pay here? On your -- on your -- on your  
17 income. What are you paying in taxes?

18 (Inaudible audience question or comment.)

19 NATHAN ROSSI: 14/3? Okay, for just  
20 California. Plus, what are you going to pay -- what  
21 are you paying in federal?

22 AUDIENCE: Thirty percent.

23 NATHAN ROSSI: I'm trying to get sort of a  
24 feel for the room here. What are you guys paying, 20  
25 percent, 25, 28, 35, 40 percent?

1 (Inaudible audience question or comment.)

2 NATHAN ROSSI: So you're at 14 California,  
3 plus what federal, 28?

4 (Inaudible audience question or comment.)

5 NATHAN ROSSI: Okay, so 40 percent, is that  
6 fair?

7 AUDIENCE: Yeah.

8 NATHAN ROSSI: You want to go lower, 35?  
9 Higher, 45?

10 AUDIENCE: That's about it.

11 AUDIENCE: About 40 percent.

12 NATHAN ROSSI: Forty, is that fair, by show  
13 of hands? Yes, no? I get around a third of the  
14 hands. Are you guys not paying that much, 35 percent,  
15 is that fair? 35? Do I have 34? Do I have 34? I'm  
16 trying to make it fair for you guys, okay.

17 So let's take 35 percent just to be  
18 conservative. So \$35,000 was your investment, and  
19 you're reducing your taxable amount by 35,000, which  
20 means this, if you're paying a 35 percent tax rate  
21 effectively, what's 35 percent of 35,000?

22 AUDIENCE: 12,250

23 NATHAN ROSSI: 12,250. So if you're making  
24 an investment and you reduce because you've got a tax  
25 writeoff, you reduce your -- your taxable amount by

1 35,000, and you're paying a 35 percent tax rate, what  
2 this means is you are going to keep or recoup \$12,250.  
3 So this is money that you -- you're already paying the  
4 IRS, okay? So here's -- here's the thing. You don't  
5 get to choose do I pay it or not pay it. You get to  
6 choose where it goes, right?

7 So instead of you saying, hey, Uncle Sam,  
8 I'm going to stroke you a check for 12,250, say you  
9 know what, I'm going to invest that in me, I'm going  
10 the recoup that, but here's the cool thing, because  
11 we've leveraged and we've used OPM, even if it took us  
12 six months, even if we had to make six months of  
13 payments, that's 3,846 or a year payment at 7,692, our  
14 offset at a year, what's 12,250 minus 7,692?

15 How much? 4,508. So even if it took you a  
16 year to recoup this, you're still ahead, meaning you  
17 have 4,500 more dollars in Hip National Bank than you  
18 would have if you didn't enroll into the program.  
19 It's actually costing you money to not do the program.

20 (Laughter.)

21 NATHAN ROSSI: Shameless plug there, but  
22 this is -- this is the type of thought process -- this  
23 is how we understand and we leverage the tax system.  
24 There are certain principles, understanding the tax  
25 code, understanding leveraging and using OPM. Heck,

1 even if we were using an interest rate of 20 percent,  
2 25 percent, it still works.

3 And here's the beautiful thing. This is  
4 just on the front side. So what do I mean? On the  
5 back side is this. If the business pays us income, so  
6 let's say that one of the expenses of the business is  
7 payroll. If the business pays us a payroll, this is  
8 considered income, yes?

9 AUDIENCE: Right.

10 NATHAN ROSSI: So we'd have to pay taxes on  
11 that, yes?

12 AUDIENCE: Yes.

13 NATHAN ROSSI: Yes?

14 AUDIENCE: Yes.

15 NATHAN ROSSI: But if the business instead  
16 of paying payroll, if the business was just paying  
17 back a debt, if it pays me back my \$35,000, is that  
18 income?

19 AUDIENCE: No.

20 NATHAN ROSSI: That's just a loan repayment.  
21 So here's what you do. You loan money to your  
22 business, 35,000, for a \$100 fee. Don't get interest  
23 involved, because then you got to do truth in lending  
24 and all this other kind of crap, too, but you do a  
25 fee-based loan. You lend -- you lend your business



1 35,000 at \$100 or 200 bucks, whatever it is, so when  
2 your business pays you back, it's 35,000 plus \$100.

3 How much -- what number are you going to  
4 have to pay taxes on? So now you're paying taxes on  
5 100 bucks. So you've now effectively reduced your  
6 taxes by 35,000. So a 12,250 reduction of what you've  
7 already been paying, you're ahead \$4,500 by leveraging  
8 OPM, and you've now effectively pulled \$35,000 back  
9 out of your business tax-free, because it's not  
10 income, it's just a loan repayment.

11 AUDIENCE: So how do you do this? So you as  
12 a person charged (inaudible).

13 NATHAN ROSSI: Correct.

14 AUDIENCE: (Inaudible) on paper.

15 NATHAN ROSSI: Correct.

16 AUDIENCE: Loan (inaudible).

17 NATHAN ROSSI: Correct.

18 AUDIENCE: (Inaudible) personal to business?

19 NATHAN ROSSI: Correct. From what I've  
20 heard.

21 This is why the rich get rich and the poor  
22 stay poor.

23 AUDIENCE: Is there a -- I mean, this sounds  
24 really great, but \$100 for 35,000, is there, like --  
25 is there, like, some level of (inaudible) I want to

1 give myself (inaudible) charge \$10. Is there some  
2 level where it becomes ridiculous or (inaudible) don't  
3 care?

4 NATHAN ROSSI: Well, they don't care as long  
5 as it actually is. If you're going to loan your  
6 business 3 million, you have to be able to show that  
7 that 3 million was actually transferred (inaudible)  
8 right? So here, it was actually transferred. You're  
9 showing, hey, there's a \$35,000 investment and a loan  
10 to my business, and the asset is my training program.  
11 That's what that \$35,000 went to, right? So it's 3  
12 million worth of asset or cash or whatever it was is  
13 actually loaned and put there, for sure.

14 (Inaudible audience question or comment.)

15 NATHAN ROSSI: I would just create a  
16 (inaudible) you know, literally, just go to Google,  
17 loan documents, a simple, simple interest or a fee-  
18 based loan document, and just do it, because it's to  
19 you and your business, right? This isn't like you're  
20 loaning money and, you know, got money out on the  
21 streets, you know what I'm saying? This is to you and  
22 your business. You're creating the paper trail for  
23 the IRS to see.

24 (Inaudible audience question or comment.)

25 NATHAN ROSSI: It's for everything. I'm

1 just showing you, when you get into private labeling,  
2 asset protection is a tax strategy (inaudible) major  
3 component of it. This one's a little like (inaudible)  
4 the rule, the side -- the side way to show you how to  
5 structure your investment.

6 How many of you like -- like everything you  
7 just saw? Yeah, me, too. Wiley?

8 AUDIENCE: (Inaudible).

9 NATHAN ROSSI: You can. They would be just  
10 considered startup costs of the business. Let's just  
11 say that, like, when you would, you know, have to pay  
12 for an attorney to set up the entity for you, right,  
13 at that point, there is no entity, but it's a business  
14 expense, so it would be a startup cost for the  
15 company.

16 This right here, this stuff right here, this  
17 is why the rich get rich and the poor stay poor. For  
18 instance, how many of you get paid as a 1099  
19 contractor? A 1099 contractor? If you get paid as a  
20 1099 contractor and you do not have an entity set up.  
21 You're paying 15.3 percent more in taxes than you  
22 should be. You pay what's called a self-employment  
23 tax.

24 But if you get paid as 1099, and you  
25 actually get paid through an entity, you have now just

1 given yourself a 15.3 percent pay increase, not  
2 because you worked harder, not because you have a  
3 great worth ethic, not because of the product or a  
4 company representative's better or worse, just because  
5 strategically you've used the tax system.

6 (Inaudible audience question or comment.)

7 NATHAN ROSSI: And, this, my friends, is why  
8 I actually love the tax code. Okay? I love it. I  
9 love it, I love it, I love it. First time, and I  
10 never forget, the first time I actually -- when I  
11 started, like, really making money, I had to write a  
12 check -- you ready for this -- I had a freak-out, a  
13 little freak-out, a little meltdown. It was the first  
14 year that I actually really started making any money  
15 of, you know, substance. I actually wrote a check for  
16 my taxes that was two and a half times the amount of  
17 money that I had ever made in a year prior.

18 So take your income that you're making right  
19 now, and then double it two and a half -- so two and a  
20 half times that, and that's what you have to pay in  
21 taxes. I freaked out, like this is bullshit. I can't  
22 believe I'm paying this much, and my CPA looked at me  
23 and said, what are you complaining about? If you're  
24 paying that much in taxes, how much have you just  
25 made? And I said, oh, yeah, you're right, I'm sorry.

1 (Laughter.)

2 NATHAN ROSSI: So, anyways, all that being  
3 said, we're going to take a break. When we get back,  
4 we're going to get into free launch and production.  
5 For those of you that are enrolling in any level of  
6 the program, get with your coach, finalize everything  
7 that needs to be done. Don't linger, don't wait. Get  
8 it done so they can get you squared away, I can get  
9 your bonuses to you. If you have questions, come see  
10 me, talk to your coaches at break. Fifteen minutes  
11 and get marked, get set, go.

12 (Background chatter.)

13 MR. TYNDALL: Hey, I'm going to call my --  
14 my mom.

15 UNIDENTIFIED MALE: We have something to --

16 MR. TYNDALL: Oh, there is? Okay.

17 UNIDENTIFIED MALE: However you want to do  
18 it.

19 MR. TYNDALL: Okay, okay.

20 (Recess.)

21 (Background chatter and music upon entry.)

22 UNIDENTIFIED MALE: -- and however you want  
23 to have that structured as far as a partnership if  
24 there's two or three or four people (inaudible) as a  
25 partnership is you can be, like, controlling members

1 or managers of the store (inaudible).

2 CONSUMER: Right, right, right, right,  
3 right.

4 UNIDENTIFIED MALE: So there's a lot of good  
5 information, but getting back from (inaudible) so they  
6 receive the product, now they need to know where --  
7 where to send that to, what (inaudible) to. And,  
8 again, Amazon may have (inaudible) right?

9 CONSUMER: Right.

10 UNIDENTIFIED MALE: So they're going to  
11 create the listing. So they're going to go to your  
12 store, and you say, I want to -- you know, we have  
13 2,000 of these, 1,000 is going to go in this store,  
14 and 1,000 is going to put in this store.

15 CONSUMER: Right.

16 UNIDENTIFIED MALE: So they're going to --  
17 they're going to actually create you a listing.

18 CONSUMER: What does (inaudible)?

19 UNIDENTIFIED MALE: So they're going to --  
20 like what I showed you on Friday night with, you know  
21 (inaudible) future product, let's create the listing,  
22 how many quantity do you have, what the price is, all  
23 that. So it's basically you're going to go -- now  
24 you're -- it's creating a listing on Amazon to go  
25 live, and you're selling that product now on Amazon.

1           So instead of you doing that, making the  
2     listing --

3           CONSUMER: But we don't have to do it.

4           UNIDENTIFIED MALE: Yeah (inaudible) team  
5     does that because --

6           CONSUMER: They do it.

7           UNIDENTIFIED MALE: -- they have -- they  
8     have that stuff, but they need your submission to be  
9     able to do that because they'll upload that in the  
10    store, and then Amazon goes to create you one, X  
11    amount of units. But here (inaudible), so they'll  
12    actually -- they're putting the shipping, you know --

13          CONSUMER: So if we have 1,000 earmuffs,  
14    whatever, and (inaudible).

15          CONSUMER: They go into your store, they  
16    create the listing, they do all the --

17          CONSUMER: Right, and they'll set the price  
18    to be at the -- fill in the box.

19          CONSUMER: They will, but --

20          CONSUMER: We have control (inaudible).

21          UNIDENTIFIED MALE: Yeah, they will  
22    initially. When they're creating the listing, they  
23    have to put the price in there.

24          CONSUMER: Yeah.

25          UNIDENTIFIED MALE: And so they'll match

1       whatever the buy box is at that time.

2               UNIDENTIFIED MALE: Yeah, yeah.

3       Immediately, once Amazon checks that in, however,  
4       they'll send you an email, and you received your  
5       inventory, your products, you need to immediately go  
6       in there and make sure our price is what it's supposed  
7       to be.

8               CONSUMER: Accurate, right, right.

9               UNIDENTIFIED MALE: And I learned the  
10       mistake the hard way on that one because I'm like -- I  
11       came in on my cool break (inaudible) was doing other  
12       things, and I was well below the buy box.

13              CONSUMER: Oh.

14              UNIDENTIFIED MALE: And, so, I didn't lose  
15       money, but I didn't maximize my profitability either.

16              CONSUMER: Right.

17              UNIDENTIFIED MALE: So just (inaudible).

18              CONSUMER: Oh, yeah.

19              (Simultaneous talking, multiple male  
20       speakers.)

21              UNIDENTIFIED MALE: But it was still within  
22       the buy box, but it was the lower end of the buy box  
23       price, so (inaudible).

24              (Simultaneous talking, multiple male  
25       speakers.)



1           CONSUMER: Well, plus, you have the whole  
2 training with them, so they'll probably walk you  
3 through.

4           UNIDENTIFIED MALE: Oh, yeah, yeah, step-by-  
5 step, just knowing all those -- all those little --

6           CONSUMER: What to watch out for.

7           UNIDENTIFIED MALE: -- all those techniques  
8 and stuff. And really it -- one, it's about avoiding  
9 pitfalls --

10          CONSUMER: Right, exactly.

11          UNIDENTIFIED MALE: -- and just a couple of  
12 things that most new Amazon sellers fall into --

13          CONSUMER: Yeah.

14          UNIDENTIFIED MALE: -- because they just  
15 don't know what they're doing. No, so let's avoid  
16 that, but it's really about maximizing profitability,  
17 getting results, and really ramping up very quickly.  
18 And that's what the leverage is all about, you know?  
19 That's what why you're leveraging this whole thing so  
20 you don't have to reinvent the wheel.

21          CONSUMER: Right.

22          UNIDENTIFIED MALE: And you're just  
23 leveraging everything that's already been created,  
24 yeah. So it's a cool system, it's a cool process.  
25 But, yeah, there's (inaudible).

1 CONSUMER: (Inaudible).

2 UNIDENTIFIED MALE: I'm not going to be,  
3 like, you know, look in your IP addresses and all  
4 that, checking, Amazon knows. But, yeah, we will  
5 manage. You know, we're not (inaudible) so it's  
6 pretty common. And it's actually encouraged to a  
7 certain extent, especially if you have some of the  
8 (inaudible) you know, because there's -- you know, if  
9 somebody has kids and they want to kind of bring them  
10 onboard and, you know, teach things (inaudible)  
11 exposed to the technology and everything else  
12 (inaudible).

13 CONSUMER: So does that mean -- because we  
14 actually share a house, so does that mean -- and we  
15 share computers. Does that mean that we cannot be  
16 using the same computer for our stores?

17 UNIDENTIFIED MALE: I wouldn't recommend it.  
18 I mean, there are some -- there are some, I guess,  
19 grace -- grace when it comes to that from Amazon  
20 because they know that, you know, as partners --

21 CONSUMER: We're buying a new place, though.

22 CONSUMER: Yeah, but I'm not moving there  
23 for two years.

24 UNIDENTIFIED MALE: Yeah, what --

25 CONSUMER: So I'll still be here.

1 UNIDENTIFIED MALE: -- Amazon may --

2 CONSUMER: Well, being on the computer. I'm  
3 not going to go to Sacramento when I got to get on the  
4 computer --

5 CONSUMER: Well, you'd have another separate  
6 computer, I guess.

7 UNIDENTIFIED MALE: And, too -- and Amazon  
8 will let you, you know, and you can just reach out to  
9 them --

10 CONSUMER: Right.

11 UNIDENTIFIED MALE: -- and say, look, we're  
12 -- you know, we're -- we have a partnership --

13 CONSUMER: Oh, okay.

14 UNIDENTIFIED MALE: -- you know, we're  
15 living under the same roof and so we're using the same  
16 computer. They'll make the exception for the most  
17 part, but you'd have to explain that situation.

18 CONSUMER: Okay, all right.

19 (Simultaneous talking, multiple male  
20 speakers.)

21 UNIDENTIFIED MALE: What some folks will do  
22 is they say, okay, well, let's just keep it separate.  
23 Then you go to UPS and get a mailbox. You know, not a  
24 P.O. box but a mailbox. And I'm sure you've got  
25 different cell phone numbers and things like that.

1 CONSUMER: Yeah, yeah.

2 UNIDENTIFIED MALE: You've got checking  
3 accounts (inaudible) but some people will buy a  
4 separate laptop and they'll buy, you know, a little  
5 hot-spot or a little mi-fi card, and that will be  
6 dedicated only to that computer, and nobody else can  
7 use that because that's what's going to connect to the  
8 internet and everything else, too.

9 And that's what we do when we have multiple  
10 stores under the same address --

11 CONSUMER: Right.

12 UNIDENTIFIED MALE: -- anyway is (inaudible)  
13 something like that, and we'll dedicate, like, this is  
14 the hot-spot dedicated only to this, you know, tablet  
15 or this computer --

16 CONSUMER: (Inaudible).

17 UNIDENTIFIED MALE: Oh, you're on the --

18 CONSUMER: Yeah, I'm going to go on this  
19 one, and yeah, yeah.

20 UNIDENTIFIED MALE: Yeah, because Amazon  
21 picks all that stuff out.

22 CONSUMER: Right.

23 UNIDENTIFIED MALE: And then they send you a  
24 -- you know, a warning, like, you know, you need to go  
25 through this verification process, and there's only so

1 many times you can do that before they go, errnt!,  
2 okay, we really need to drill down and find out what's  
3 going on, why are there so many people (inaudible).

4 (Simultaneous talking, multiple male  
5 speakers.)

6 UNIDENTIFIED MALE: Somehow they know both.

7 CONSUMER: Oh, that's why.

8 UNIDENTIFIED MALE: So now they both and  
9 it's just like -- yeah, it's --

10 (Simultaneous talking, multiple male  
11 speakers.)

12 UNIDENTIFIED MALE: For example, if you  
13 logged in to your Amazon store, let's say that your  
14 primary place was your house, right, your wi-fi or  
15 whatever, but you bring your laptop here and then  
16 you're connected to the internet here, it's going to  
17 say, well, you need to go through the step  
18 verification process just to make sure that you are  
19 who you say you are and you're not getting hacked.

20 CONSUMER: Right.

21 UNIDENTIFIED MALE: Oh, yeah, it's good, but  
22 if it happens a lot all the time, then it's going to  
23 be like -- you know, it's going to be a problem. It's  
24 a pain in the ass anyway, you know, to do the  
25 verification --

1           CONSUMER: (Inaudible).

2           UNIDENTIFIED MALE: The phone's different.  
3       The mobile -- the mobile side of things is different  
4       because they know it does connect. I try to stay out  
5       (inaudible) on my phone and just do (inaudible) more  
6       secure that way anyway, but there's, I guess, some  
7       sort of exception. So they have some -- I guess they  
8       recognize that (inaudible) the actual laptop.

9           I know, it's weird. You can -- I'm not a  
10      techie either, but, yeah, that's how they go about  
11      doing it.

12          CONSUMER: Okay.

13          (Background chatter, overlapping  
14      conversations, and music upon entry.)

15          ANNOUNCER: All right, just a couple more  
16      minutes here. We're going to bring it in.

17          (Background chatter, overlapping  
18      conversations, and music upon entry.)

19          ANNOUNCER: All right, bring it back in.

20          NATHAN ROSSI: Many people, when they get  
21      into all the tax stuff, when they get into legal and  
22      then further into getting into negotiating and  
23      sourcing and now you're dealing with international  
24      contracts and all kinds of stuff, people just kind of  
25      freak out, and to me, this is -- this is where having

1 a team in place is a huge, huge part of this, too,  
2 having the right team in place, having experienced  
3 people around you that can -- that you can really pull  
4 on.

5 You know, think about it from this  
6 perspective. Actually, write this down. Okay,  
7 this will be a good point for you to look back on.  
8 Write -- write this down. There is no such think as a  
9 risky investment, just risky investors. There is no  
10 such thing as a risky investment, just risky  
11 investors.

12 Watch how this works. So you're looking at  
13 a product. Never launched a private label before, you  
14 got an idea, and in order to do it, you're going to  
15 have to get it outsourced and produced in China. You  
16 don't have any contacts there. And you've never dealt  
17 with a patent attorney, never dealt with any  
18 intellectual property. You're just going in and  
19 you're going, hey, I'm just going to kind of -- I'm  
20 just going to go at it.

21 And you've never done it before, you've  
22 never launched, never marketed before. Would you say  
23 that that's risky, or would you say that's a pretty  
24 secure investment you're about to make? Risky, yeah?

25 AUDIENCE: Yeah.

1           NATHAN ROSSI: You've never done it before,  
2     right? Now, let's say that you take that same idea  
3     and you say, hey, Nathan, I got this idea, and here's  
4     what it is. And I look and I say, oh, that's a great  
5     idea, a great product. As a matter of fact, here's  
6     what I'll do, is I'll partner with you.

7           And you can use -- you can leverage me, my  
8     knowledge base, my skill set, and you can use my  
9     attorneys, my CPAs. You can use my product  
10    development team in China. You can use my account  
11    management team, the same team that manages Nike,  
12    Casio, Purple Mattress, all of their -- their Amazon  
13    stores. You can use my marketers, who have  
14    collectively sold over half a billion dollars' worth  
15    of products in the U.S. alone online. And we'll  
16    launch your product with you. Is it risky? Is that  
17    risky anymore?

18          AUDIENCE: No.

19          NATHAN ROSSI: But wait a minute.

20          AUDIENCE: How much? Yeah.

21          NATHAN ROSSI: But before -- before we even  
22    talk about that, that's a secondary thought, but  
23    here's the question: What changed?

24          AUDIENCE: (Inaudible).

25          NATHAN ROSSI: But whose knowledge?



1 AUDIENCE: (Inaudible).

2 NATHAN ROSSI: All right, so here's what I  
3 want you to see. The difference between risky -- a  
4 risky investment has nothing to do with the investment  
5 itself. It has all to do with the education level and  
6 the knowledge base of those involved, right? You took  
7 the same idea for the same product in the same  
8 marketplace, it's going to take the same amount of  
9 capital, it's going to take the same everything. The  
10 only thing that changed was the people around it.

11 So there's no such thing as a risky  
12 investment, just risky investors. So the private  
13 label game, you're going to be jumping into niches and  
14 businesses and product lines and different situations,  
15 and I want you to understand, don't be the person that  
16 thinks and says, well, I can't do anything until I  
17 understand it all and I know this, I know this, I know  
18 that. This is where business becomes a team sport.  
19 This is where mentorship becomes a massive component  
20 of what you're doing because I don't have to know all  
21 the answers, I just need to know where to go to get  
22 all the answers, right?

23 Like I drive a vehicle, a couple vehicles,  
24 I'm not an auto mechanic. When the check-engine light  
25 -- bing -- when it goes off, I'm not, like, oh, shoot,

1     you know, let me go home, pop the hood, let me go see  
2     what -- some people do that. When that happens to me,  
3     I'm going to say, I'm going to take it to the Infinity  
4     dealership; I'm going to take it to the Cadillac  
5     dealership.

6             They're going to look at it. The mechanic's  
7     going to say here's what's happened, here's what's  
8     going on, here's what it's going to cost you, and  
9     we'll do it for you. I didn't know the answer; I took  
10    it to somebody that knows the answer. And having  
11    access to those relationships, as basic as that  
12    sounds, this is why the DIY-ers are a sure-fail in  
13    business. Oh, we'll just kind of start small; oh,  
14    we'll do it ourselves.

15            You don't know what you're doing because --  
16    and this will come back and bite you in the ass,  
17    that's when you get into private labeling big time,  
18    because now you're spending more money, you're putting  
19    more capital out, and sometimes it's not even just a  
20    money thing. Sometimes it's do you have the -- do you  
21    have the emotional and the mental prowess, the  
22    stability, to stand up under the pressure of the  
23    moment? You know, pressure is big in business, right?  
24    It's huge in business.

25            I'll never forget, my grandfather started a

1 business -- no, I'm sorry, his father started a  
2 business in the Great Depression. It was an optical  
3 company. They manufactured little -- the lenses for  
4 glasses out of Mansfield, Ohio, right? My grandfather  
5 goes away to World War II, comes back home, and they  
6 have one laboratory in Mansfield, Ohio. He had a  
7 offer to go and try out for the Brooklyn Dodgers at  
8 that point, right? The Brooklyn Dodgers.

9 And he gets home, walks in the door from  
10 being away for three years in the war, and his mom  
11 comes up with all the tears on her face and says I'm  
12 so glad you're home to take over the family business  
13 because your father is in poor health. He said his  
14 baseball career ended at that point. Steps in, his  
15 father says because I love you and you're my son, I'm  
16 going to pay you \$4.18 a week. You're not worth it,  
17 but I really love you and care for you, so I'll pay  
18 you that much, right?

19 (Laughter.)

20 NATHAN ROSSI: Over the next 15 years, he  
21 took the family business from one laboratory to 17  
22 laboratories over the Midwest, and they sold the  
23 business to two gentlemen by the name of Bausch &  
24 Lomb. Right? That was my grandfather's company. He  
25 sold to Bausch & Lomb. He became the executive vice

1 president of Bausch & Lomb for the next -- for the  
2 next 15 years, grew it to just shy of 200 laboratories  
3 around and then basically (inaudible) and sort of  
4 cashed out.

5 He started and bought and sold about a half  
6 a dozen more businesses over his lifetime, and when he  
7 was on his last business is when I started my first  
8 business. And I'm in -- I'm in my first business, I  
9 don't know what I'm doing, right? And -- and then I  
10 get sued, what I was talking about earlier, right?  
11 Yeah, and we used to -- and his name was Duane, but we  
12 used to call him Bud. And I'll never forget, I get  
13 this lawsuit, I come in, and I go into his office, and  
14 I'm thinking, Bud, oh, my gosh, what am I going to do?  
15 You know, what does this -- you know, what does this  
16 even mean, how -- I don't have the money to pay, blah,  
17 blah, blah, and I'm freaking out.

18 And the whole time he's just sitting back in  
19 his desk just listening to me and just going like  
20 this, oh, blah. And I said, Bud, what am I going to  
21 do? And he just looked at me and just very calmly  
22 said, It's all going to be okay, Nathan, it will all  
23 work itself out. I'm here with you, and we're going  
24 to work through this together.

25 And instantly my whole state, my whole

1 everything changed. And I went from total freak-out  
2 to it's going to be okay. Right? And why am I saying  
3 this? Because that's not only the power of -- of  
4 mentorship; that's the power of one generation to the  
5 next.

6 You know, being able to sit there and say to  
7 the next generation, to be able to take somebody under  
8 the wing and pass on that life experience and pass on  
9 the wealth, not only just money, whatever, money is  
10 money, but to be able to have to -- to mentor and  
11 bring up and to say, hey, let's do this, it's going to  
12 be okay, that's the power of a mentor being able to  
13 step into your life and you say, oh, my gosh, I don't  
14 know, somebody's ripping me off, somebody, you know,  
15 is trying to steal my product -- it's going to be  
16 okay. Oh, it is? Oh, okay. It's going to be okay.

17 Because, otherwise, you might think  
18 (demonstrating) oh, my gosh, oh, what am I going to  
19 do. Okay, but try to label -- understand this. Say  
20 you upped the ante. You're upping -- you're upping  
21 the ante when it comes to private labeling. Write  
22 this down. For a true original idea product, to  
23 launch the product, you're going to need minimum  
24 \$250,000. This is an original idea.

25 A white label, so you're going to take an

1 existing product and make your version of it, slap  
2 your brand, your label, your logo on it. You're going  
3 to need somewhere in the ball park of -- depending on  
4 -- depending on if it's just a product or it's a line  
5 of product, you're going to need somewhere in the ball  
6 park of 50- to 100,000.

7 So you're going to control the brand online.  
8 Very subjective. It could be as low as 10,000; it  
9 could be as much as 100- or 150-, depending on what  
10 you negotiate, whose responsibility (inaudible).

11 Well, like, who's responsible for marketing? Is it  
12 you, if you're going to control the brand? Is it you  
13 or is it them? How is inventory going to be handled?

14 Like, for instance, with Defiance Fuel, it's  
15 water and pre-workout, well, we -- the deal was that  
16 they would give us exclusivity, but they were going to  
17 treat us as basically a resaler, meaning we had to  
18 purchase product at wholesale or better from them and  
19 resell it on the channel. Whereas with the tea, what  
20 we're doing is they're going to -- they're going to  
21 front the product, it's going to go in the store, and  
22 then we -- we will pay out -- pay them out what they  
23 want from each purchase or each sale on the back end.  
24 So we have zero inventory cost, right?

25 But like with the pre-workout, the Defiance

1 Fuel, I just -- I just stroked a check for \$118,000  
2 for the pre-workout. Okay? But that's okay, because  
3 we had 5,000 canisters of these, right? But it's okay  
4 because that 118- is going to turn into about 250-,  
5 okay? So I'm okay with that. But it all just depends  
6 on what you actually would negotiate and work out with  
7 them.

8 Private label, you have to have money. You  
9 are -- the legal side of it for any private label is  
10 going to be minimum, say, five grand, depending on  
11 contracts, entity structuring, all that good stuff.  
12 Our -- our distribution agreement, like for example  
13 with Defiance Fuel, was about \$7,700 by the time it  
14 was all said and done and we had a signed agreement.

15 You're going to spend -- no matter what it  
16 is, you're going to spend probably -- unless you can  
17 get like you're going to control a brand and they're  
18 paying for marketing, you're going to spend \$20- to  
19 \$30,000 just in marketing and advertising alone,  
20 right? So understand this, it's like you're launching  
21 a completely new business. It's its own business  
22 that's now on Amazon.

23 So the prevailing thought that we maintain  
24 as a company from a teaching and training perspective  
25 is this, is that each private label brand, not

1 product, but private label brand, should have its own  
2 entity and, therefore, its own store. So, like for  
3 instance, I wouldn't want to be selling, you know,  
4 Defiance Fuel Pre-Workout right next to our other  
5 controlling brand that has its tea. You know, two  
6 separate things.

7 I wouldn't want to sell dog -- you know, pet  
8 grooming undercoat brushes, I wouldn't want to sell  
9 those next to our water that we're selling. It's  
10 going to be its own brand.

11 (Inaudible audience question or comment.)

12 NATHAN ROSSI: Well --

13 (Inaudible audience question or comment.)

14 NATHAN ROSSI: -- somewhat, but it's all --  
15 it's also just to maintain the integrity of the brand  
16 and exit strategy, right? So not many people are  
17 thinking along these lines, but for instance, what  
18 happens if you want to sell an Amazon store? You want  
19 to sell the business. I had a business broker who was  
20 one of my students who specializes in e-commerce.  
21 That's actually why he came to the workshop and  
22 enrolled (inaudible) was because what he would -- what  
23 he's seeing right now is that Amazon stores and e-  
24 commerce businesses that are on Amazon can sell for  
25 four to six times the revenue, if they've shown two



1       quarters of profitability.

2               There was one person excited about that.

3       Let me make sure you understand what I'm saying. If  
4       you launch a private label today, six months from now  
5       you show two quarters of profitability, six months  
6       from now, you can sell your store for four to six  
7       times what the annual revenue would be if you had even  
8       been in business for a year.

9               Right? So this -- you know, don't think --  
10       this is the biggest mistake that people make right now  
11       getting into the Amazon game is they -- they have --  
12       they're infected with small things, right? They're  
13       one-dimensional. Oh, let me just go out and get a  
14       product and sell it on Amazon. There's so many ways  
15       to make money on this thing, and so what -- what if  
16       you could sell the Amazon store? If you know how to  
17       launch -- launch a product, build an Amazon store and  
18       sell it, how many times could you do that?

19              AUDIENCE: (Inaudible).

20              NATHAN ROSSI: So you could, like, flip  
21       Amazon stores. Flipping Amazon.com.

22              (Inaudible audience question or comment.)

23              NATHAN ROSSI: Not necessarily. If you had  
24       a wholesale business, as long as you had pricing  
25       contracts that you can show sales history and also be

1 able to pass along those (inaudible) contracts to the  
2 new owner, yep (inaudible).

3 Yes, and that's exactly right. You're  
4 buying a revenue stream. That -- you know, think  
5 about an income stream as an investment. You're  
6 buying it, right?

7 (Inaudible audience question or comment.)

8 NATHAN ROSSI: Correct. So you would sell  
9 the entity. Okay, so a lot of things to think about  
10 in doing this. So here's a lot of -- a lot of the  
11 things that people overlook. So the first thing is  
12 this.

13 (Inaudible audience question or comment.)

14 NATHAN ROSSI: The first thing is this.  
15 What's longer lead times? So lead times in production  
16 can really affect cash flow. Obviously it will affect  
17 inventory cycles. And depending on the complexity of  
18 your product and what you're creating, it could be  
19 months before you even get a sample or a prototype.  
20 But let's talk about it from a financial standpoint.  
21 So when you go to launch a product at whatever  
22 quantity of inventory that you're going to have  
23 produced -- 1,000, 5,000, 10,000, whatever it is --  
24 you need to be able to -- from a monetary standpoint,  
25 you need to be able to fund three rounds of inventory

1 production independently.

2 Now, let me (inaudible) going to say, oh,  
3 I'll launch -- I'll buy inventory to 5,000, and then I  
4 will buy round two of inventory with the profits or  
5 the revenue from round one. And the issue is that if  
6 you're waiting to get the revenue or the profit from  
7 round one, what's going to happen to your listings in  
8 your store?

9 AUDIENCE: You're out of stock.

10 NATHAN ROSSI: You're out of stock, right?  
11 So if it's going to take -- let's say that it takes  
12 you two months. You put in an order today, and it's  
13 going to take 60 days to not only have that order  
14 produced and manufactured, but come over the sea,  
15 import it and actually be live in your Amazon store  
16 and Amazon's warehouse, let's say it takes two months,  
17 then, yep, that's going to now affect your inventory  
18 cycles.

19 So if you're waiting for the money from the  
20 existing inventory, you're going to see inventory,  
21 inventory, inventory, boom, you're out of inventory --  
22 inventory for a month and a half. Then you got to try  
23 to rebuild the momentum, so you're just -- so the  
24 point is this. You need to be able to fund three  
25 rounds independently.

1           The first two rounds are going to get the  
2       wheels turning and moving; the third round is what's  
3       going to allow you to actually grow, right? So you're  
4       going to be able to get trajectory and traction with  
5       two rounds of funding, but it's really just going to  
6       be flopping down the road, okay, good, everything's  
7       good, but it's the third round of inventory that  
8       you're putting money into that's going to allow you to  
9       actually grow.

10           Yes, sir?

11           AUDIENCE: Quick question. Does this  
12       challenge also happen when you're doing wholesaling  
13       and you're getting it out of China? You have to get  
14       ahead of the game with, you know, supplies coming in  
15       so you don't run out at your store?

16           NATHAN ROSSI: Correct.

17           AUDIENCE: Okay.

18           NATHAN ROSSI: What's that?

19           (Inaudible audience question or comment.)

20           NATHAN ROSSI: Correct.

21           (Inaudible audience question or comment.)

22           NATHAN ROSSI: Correct. And we'll talk in  
23       just a second here about negotiating pricing,  
24       negotiating payment, when you make payment, how much  
25       do you pay and all the good stuff, right?

1           The next thing is this. Think about your  
2     tooling costs and production costs, not just  
3     inventory, but what are you going to need to actually  
4     get your product made? So, for example, a basic metal  
5     stamp. You could pay up to 250 bucks just for a metal  
6     stamp. You may say, hey, big whoop-de-doo, you told  
7     me I needed, like, all this money; who cares, what's  
8     250 bucks. But here's what you got to factor in and  
9     think about. When your manufacturer goes to produce  
10    your product, are they just going to be producing your  
11    order of 5,000 units or 2,000 on one machine and just  
12    be using one stamp?

13           Probably not. They might tell you, hey,  
14    each machine requires four metal stamps, and when we  
15    do your run, we use two machines. So now you're at  
16    250 times four is a 1,000 times 10 machines, you're 10  
17    grand into metal stamps. Not inventory, not your  
18    widget, just metal stamps.

19           The same thing with plastic injection molds.  
20    Anybody ever used or had injection molds made?  
21    Anybody? You did? How much did you pay for yours?

22           (Inaudible audience question or comment.)

23           NATHAN ROSSI: Around 50,000? And depending  
24    on the size of it, and again, depending on the  
25    complexity of what you're having made, and it's not

1 just about getting a mold made. Think about this  
2 little clicker for instance, think about how many  
3 molds that have to be made just for this little  
4 clicker? We got a front face; we got a back face; we  
5 got a battery door; you got the actual little  
6 component here, this piece; internal pieces, buttons.  
7 So, you know, maybe the front panel is only about a  
8 \$3,000 mold, but times two, times the door, so it  
9 can add up. So it's not just that, hey, it's a one-  
10 shot -- one mold's going to be 50 grand -- could be.

11 I had a student -- I had a husband and wife  
12 from San Jose that launched a line of sunglasses. And  
13 their whole -- their whole concept was that it's going  
14 to be not matching but complementing sunglasses  
15 between the genders. So, like, you know, male and  
16 female, it was kind of like -- same kind of pattern or  
17 look, so they were not exactly matching, but  
18 complementing.

19 And, so, what they did was this, is that  
20 they wanted to produce -- they wanted to produce four  
21 different versions of it. So they had four different  
22 versions, like lines of glasses, but male and female,  
23 right? So that's eight different mold types, but not  
24 only that, but then they decided, well, hey, it would  
25 be really cool if we did like a whole family thing.

1 So then they did the junior version for kids,  
2 different sizes. So now you got 4, 8, 12, 16  
3 different mold cuts you're going to have made. They  
4 were \$680,000 into injection molds before they sold  
5 one pair of glasses. Okay?

6 And, so, they came to the workshop as like a  
7 last-ditch effort to like, well, we got to figure this  
8 out. And then, hey, genius, next time, just launch a  
9 line of glasses, like one pair, you know? Like,  
10 hello?

11 AUDIENCE: I've got a question, Nathan.

12 NATHAN ROSSI: Yes.

13 AUDIENCE: Your training, will it enable you  
14 to just sell Amazon stores?

15 NATHAN ROSSI: Oh, you're still stuck on  
16 Amazon stores.

17 AUDIENCE: I'm still -- I'm stuck on that.

18 NATHAN ROSSI: Yeah, you can essentially  
19 take what you're learning --

20 AUDIENCE: I'm talking about your  
21 (inaudible).

22 NATHAN ROSSI: Yes. Take what you're  
23 learning, build your Amazon store, and you sell it.

24 AUDIENCE: I want to sell (inaudible).

25 NATHAN ROSSI: Yeah. Not for nothing. But

1 side note, just Nathan's personal, separate from AWS,  
2 everything, that's one of the things that I'm building  
3 for me personally, is a whole business model and  
4 infrastructure around really just buying and selling  
5 Amazon (inaudible). Yeah, scratch your head on that  
6 one, brother. You see it, don't you? Right?

7 So imagine this. Imagine what if you have  
8 like a -- what if you have a little private equity  
9 company that was a holding company that owned -- you  
10 know, ten years from now, you own 150, 200 different  
11 Amazon stores. Right, these are like un- -- these are  
12 uncharted waters right now? There is no right or  
13 wrong right now, right? It's however -- you know,  
14 whatever direction you put your sales. Yeah, you  
15 could just create a model. You could start a store,  
16 launch it, build it, systemize it, sell it. Start a  
17 store, build it, launch it, systemize it, sell it. It  
18 could be a whole model (inaudible).

19 So fabrics, printing setups, there's all  
20 kinds of tooling costs that are involved, right? So  
21 factor these things in. You have to be well financed,  
22 either you or out-of-pockets or credit or whatever it  
23 is, but you need to make sure that you have enough  
24 capital to be able to launch your product. And think  
25 about it like this. When I say launch your product,



1 it's a good analogy in the sense of, you know, that's  
2 exactly what you want it to be, is a launch. You  
3 don't want to just kind of dribble a product out into  
4 the marketplace, you know?

5 Think about a -- this is a really good  
6 analogy (inaudible) like it. How many of you have  
7 seen the space shuttle, a rocket take off and go into  
8 space? Even if it was just on TV. So NASA -- NASA  
9 says that a space ship -- a space shuttle will use  
10 over 80 percent of its fuel from the -- from the  
11 ground, from Earth, to getting out of the atmosphere,  
12 meaning into zero gravity, right?

13 And, so -- and then -- and then, depending  
14 on the mission and all this other stuff, it could  
15 almost indefinitely coast on the other 20 percent,  
16 right? I think that's a great analogy for launching a  
17 private label in that -- in the beginning, you're  
18 going to be burning through fuel, which is really  
19 money, right? Money, cash. Money is the fuel for any  
20 business. So the beginning it's just (demonstrating),  
21 right? I mean, it's just burning through money,  
22 burning through money, you know, molds made and  
23 production and inventory costs and legal fees and  
24 structure (demonstrating), right?

25 And then all of a sudden you're ready to go,

1 and then you're getting into -- and then you're  
2 getting into marketing (demonstrating), right? I  
3 mean, it's just like, oh, advertising, advertising,  
4 marketing, social media, Youtube, Facebook, Pinterest,  
5 Etzy, Instagram, Vimeo, right?

6 You're doing all kinds of webinars and joint  
7 ventures with influence or, you know (demonstrating),  
8 all the other things, hopefully to get traction,  
9 right? Hopefully to get out of the atmosphere, out of  
10 the friction to where you're just -- and you're just  
11 smooth sailing, right? But you got to have -- the  
12 worst thing that could happen is halfway -- halfway up  
13 to the atmosphere is, Houston, we have a problem.  
14 Right, we ran out of gas (demonstrating).

15 Next thing is this. Make sure that -- make  
16 sure that they understand what you're saying and you  
17 understand what they're saying and that cultural norms  
18 and business norms don't get in the way. This is  
19 where a good attorney will come in and vet all of your  
20 negotiations, and we're talking -- you know, I'm not  
21 talking about just pricing stuff; I'm talking about,  
22 hey, we're getting things made, we're getting things  
23 produced, what's the infrastructure that's going to  
24 govern that conversation and that dialog.

25 Here's an example. There was a woman, she

1 was doing suntan lotions -- no, I'm sorry, not  
2 lotions, tanning oils, like suntan oil. She had some  
3 tanning beds, like tanning salons, and so she was  
4 wanting to get a new bottle made, right? A sleeker-  
5 looking bottle that just -- more than this block-  
6 looking economic bottle. She wanted kind of like a  
7 higher end, ritzy, sleeker-looking bottle.

8 So she -- she says, hey, you know, here's  
9 what we want to do, this is the bottle. And then they  
10 said, okay, great, so they made the whole mold around  
11 it. And, so, about a week later, she said, hey, have  
12 you guys started yet? They said no, and she said, I  
13 want to -- I don't want to go with the model I sent;  
14 here, I want to do this -- I want to do a design  
15 change and I want to do this one. It's going to have  
16 a little bit more contour to it and blah, blah, blah.

17 So she emailed it over, everything --  
18 everything is great; we got it; good. Lo and behold,  
19 she gets the sample about a month and a half later,  
20 and it was the original one she sent over, not the  
21 design change. I think she was just shy of \$20,000 in  
22 on the mold.

23 Wait a minute, I told you I didn't want this  
24 one, I wanted this one. It's in writing. You okayed  
25 it and you responded. Back and forth, back and forth.

1 And, so, she took it up to the supervisor, I guess,  
2 for whoever she was dealing with and said, like, I'm  
3 not -- I'm not going out of pocket again, like that's  
4 on you guys. I want this model. I made sure  
5 everything is good, and she sent the guy, when they  
6 got on What's App, she said the guy laughed at her,  
7 and here's what he said. He said, oh, sales reps  
8 aren't allowed to approve design changes; it's only  
9 supervisors and above (laughing). Oh, that would have  
10 been nice to know before I spent, you know, just shy  
11 of 20 grand on that.

12 So having things in your contract and  
13 understanding lines of communication, I clearly  
14 understand what you're saying, and you clearly  
15 understand what I'm saying, tell me what I just told  
16 you, right? This is the good -- it's good marriage  
17 advice, relationship advice. The meaning of  
18 communication is the feedback you receive. It's not  
19 the -- it's not what you intended; it's the feedback  
20 you (inaudible).

21 How many of you have ever said something and  
22 the other person is, like, well, what do you mean by  
23 that? Right? And you're like, oh, that's not what I  
24 meant. What I meant was; and they're like, yeah, but  
25 that's not what you said.

1 AUDIENCE: That's not what you said.

2 NATHAN ROSSI: Yeah, but I meant -- but you  
3 said. And then it's like -- and then an hour later  
4 you're still going at it, and you're like all I was  
5 trying to say was this, and they're like that's what I  
6 was saying. Am I going crazy? Am I crazy?

7 (Laughter.)

8 NATHAN ROSSI: And so understand, it's the  
9 meaning of communication is the feedback you receive  
10 from them, so you're constantly checking the pulse.  
11 What did I just say? Do you understand what I just  
12 said? Okay, you understand. Explain to me what I  
13 just said to you. I just want to make sure before  
14 I -- I stroke the credit card, swipe a credit card for  
15 \$20,000 or I wire you 30 grand to get this mold made  
16 or whatever it is. I just want to make sure we're all  
17 on the same page here.

18 So (inaudible). Then you get into the  
19 intellectual property, the IP. So that's -- or  
20 patent, depending on where you're from. Patents, a  
21 full -- a full-blown patent will reasonably cost you  
22 in the U.S. \$40- to \$50,000. You can get a  
23 provisional patent filed for much cheaper than that,  
24 say give or take around five grand.

25 And the difference between a provisional and

1 a full-blown patent is this. Provisional patent gives  
2 you a claim to ownership -- a claim to ownership for  
3 an idea, a concept, a design, whatever it is. It just  
4 gives you a claim to ownership and allows you to take  
5 it to market.

6 Now, notice what I said. A claim to  
7 ownership, not protection, a claim to ownership.  
8 Here's why I make the distinguishment. There's only  
9 one type of intellectual property that should be used  
10 defensively. And most people think intellectual  
11 property is all about (inaudible) this is mine, don't  
12 use it, you know, this is my corner of the market,  
13 this is mine, you can't do it.

14 Understand this. If somebody wants to knock  
15 you off, they're going to knock you off. I've  
16 literally had somebody, to my face, say, oh, yeah, I  
17 really like that, I think I'm going to knock you off,  
18 to my face, right? And the idea is this. The idea  
19 is, well, sue me. Or, you know, prove it out in  
20 court. Force it. They're betting that either you  
21 aren't going to or you don't have deep enough pockets  
22 to pursue that and force the issue and actually  
23 enforce the intellectual property. And many times,  
24 intellectual property can be tough to actually defend  
25 and to prove out. Okay?

1           So intellectual property should -- should be  
2   used as giving you a claim to ownership, to open up  
3   different ways of monetizing your product, so meaning  
4   this. If I'm going to patent something, say I've got  
5   a design, I've got an idea, I've got a -- you know,  
6   what function, whatever it is, it's proprietary.  
7   You're going to file a patent in order so that you can  
8   say when somebody says, oh, like I'm going to knock  
9   you off, hey, hey, don't knock me off, I'll license it  
10  to you.

11           Right? Just -- I've already got it done.  
12  Don't go try to produce it; don't replicate it. Like,  
13  I've already got it here, just -- I'll license it to  
14  you, go ahead and put it into your product. Right,  
15  this is what -- this is what all the big guys do.  
16  And, like, Apple, they license all kinds of stuff to  
17  Samsung. Samsung, the same thing back to Apple.

18           You know, this is normal in the private  
19  label game, so you don't want to use it as a defensive  
20  mechanism because if you try to defend it, people will  
21  say, well, screw you, you know, force -- force the  
22  issue, see if -- see if -- see if you can win. So you  
23  want to use it as just another way to monetize an idea  
24  or a function or a design. Hey, I'll license my  
25  patent or my -- or my, you know, trademark or whatever

1 it is to you.

2 A trademark is the only one -- is the only  
3 defensive play when it comes into intellectual  
4 property. You know, trademark is for anything  
5 graphic, the logo, name, some type of slogan. Think  
6 anything that is dealing with brand identity, that's  
7 what you want to trademark.

8 And, so, it's defensive in the idea that  
9 you're protecting the identity and the integrity of a  
10 brand because brands -- has anybody here ever sold or  
11 bought a business? Sold one of them? Okay.

12 So when you go to value a business and come  
13 up with a business valuation, part of the valuation is  
14 what's called goodwill, goodwill. And the goodwill of  
15 a business -- a great example of this, would be like  
16 Apple's cult following, right? That anywhere in the  
17 world you see the Apple logo, people say, oh, oh, it's  
18 Apple, right? I'm just going to get it because it's  
19 Apple, it's a cool product, it must be quality, it  
20 must be good. So that the recognition, that cult  
21 following, that, you know, you could pick up a pile of  
22 dog poop, put it in a bag with an Apple on it, and  
23 sell it for 100 bucks because it's not just dog crap  
24 now --

25 AUDIENCE: Apple.



1           NATHAN ROSSI: -- it's Apple dog crap,  
2     right? You know, don't -- don't get (inaudible) you  
3     know. And, so, that's the thing. So a trademark  
4     would prevent somebody like me or you from looking and  
5     saying, oh, well, I'm just going to put this logo on  
6     my product to try to get that -- that alignment and  
7     awareness. By the way, take a guess, the logo -- not  
8     Apple Corporation, just the logo, what do you -- what  
9     do you think the global valuation of the symbol is?

10           Start with billions.

11           AUDIENCE: 400 billion? 400 billion?

12           NATHAN ROSSI: 100 billion, 200 billion?

13           AUDIENCE: 400 billion?

14           NATHAN ROSSI: 400 billion? Well, at last  
15     valuation, which was in 2016, it was 168 billion, just  
16     the logo. Right, just the logo. Do you know in 2007,  
17     do you know Apple had more cash in the bank than the  
18     U.S. Government did?

19           I mean, it's not saying much, but still,  
20     that's a lot of money. So -- but the trademark, the  
21     trademark is what protects the identity of a brand. A  
22     trademark for what you're going to really need, okay?  
23     I mean, you're not going to need the level of  
24     trademark and -- and the teeth that the one Apple is  
25     using, but a trademark should cost you somewhere in

1 the \$7- or \$8,000 range, to do it and to really do it  
2 to the point to where it's going to be worth the paper  
3 it's written on.

4 You know, you can go -- all of these things,  
5 you can go and just do it yourself. You can go and  
6 just file your own patent, your own trademark, use a  
7 boilerplate template, but you might as well just throw  
8 that money away because unless it's written the right  
9 way, it's not going to be worth anything. So all of  
10 those people are doing it for you.

11 Copyrights. Copyrights are probably the  
12 cheapest of all intellectual property. You should be  
13 able to get anything that you need copywritten for  
14 several hundred dollars, less than 1,000 bucks. And  
15 you would copyright text, lyrics, pictures, you know,  
16 photography, things like that.

17 The last thing is what we call license  
18 agreements or, say, like distribution agreements and  
19 contracts. These are probably the most ambiguous as  
20 far as giving you a range because it could range from  
21 a couple thousand bucks all the way up to \$50-, \$70-,  
22 \$80,000, just depending on what the scope of it is,  
23 how involved it is, but just to give you an agreement  
24 like the -- an idea like the distribution agreement we  
25 have, this is (inaudible) I think is 7,700, something

1 like that, for us.

2 So just think -- start -- I would say maybe  
3 start with the, you know, \$5- to \$10,000 range because  
4 you're going to get one drafted from scratch to really  
5 meet your deal and then go from there.

6 Right, so again, think about all of these  
7 things we just talked about. This is before your --  
8 before you even get product number one produced, not  
9 sold, just produced. Who still wants to private  
10 label? (Laughs). One lone hand goes up.

11 Okay, so, let's talk negotiations here.

12 AUDIENCE: (Inaudible) brand new --

13 NATHAN ROSSI: This is original, yes. So if  
14 you're doing -- if you're doing a white-label product,  
15 you're -- you shouldn't have to do any patents. You  
16 shouldn't have to do any copyrights. You may  
17 trademark if you're -- you know, you're creating your  
18 own brand.

19 And license agreements, depending on what  
20 you're going to do with your product, if you're going  
21 to license your product or your brand out, if you're  
22 going to create a distribution agreement, so are you  
23 going to -- like, would you be willing to sell your  
24 product at wholesale to other retailers, well, that  
25 would be like a distribution agreement, right? So --

1 so you would have possible trademarks and license  
2 agreements.

3 If you were controlling somebody else's  
4 brand, all you would have is the license agreement  
5 (inaudible). Or -- or a distribution agreement. Who  
6 knows the difference between a license agreement and  
7 distribution agreement? There's really one -- one  
8 nuance difference, but it has massive implications.  
9 Anybody know? I didn't know either. I didn't know --  
10 I didn't know what I didn't know. Thank God I had my  
11 attorney with me.

12 A license agreement can be terminated at any  
13 point for any reason by either party. A distribution  
14 agreement has a finite and distinct term of the  
15 agreement and performance clauses for each that must  
16 be maintained, or else there's penalties and  
17 consequences.

18 So I'm thinking, like when we were  
19 negotiating with Defiance Fuel, I'm like, hey, we just  
20 need to get a license agreement drafted, and my  
21 attorney said you need to stop using the language, you  
22 know, "new license agreement" because you don't want  
23 to build the store up, get all the traction in  
24 international market and then them say, hey, we're  
25 going to terminate the license agreement, you're no

1 longer allowed to use our trademarks, our products, or  
2 sell our products on Amazon. Right? So distribution  
3 agreement.

4 So to give you an example, you know, our --  
5 our distribution agreement, with Defiance Fuel, our  
6 distribution agreement (inaudible) official partner of  
7 Saint -- of St. Louis Cardinals for water. We have  
8 about four other major league baseball teams that are  
9 lining up. Here we are at the game. I got a couple  
10 pictures. We have some really cool brand ambassadors,  
11 Young Jeezy is one of them, Blake Shelton, Jake Owens,  
12 not Rhianna.

13 Luke, what's the other country singer? The  
14 chick that starts with an R?

15 RaeLynn. Does anybody know RaeLynn?

16 (Inaudible audience question or comment.)

17 NATHAN ROSSI: Anyways, Young Jeezy, how  
18 about that? So Jeezy, okay, yeah, there we go.

19 So here is the deal that we negotiated. We  
20 negotiated an exclusivity agreement with Defiance  
21 Fuel, a global exclusivity agreement. So anywhere on  
22 the Planet Earth that Defiance Fuel is sold on Amazon,  
23 it's our store. They can't sell their own product.  
24 It's us. We can buy from them. We have a wholesale  
25 pricing contract that allows us to access all of the

1     their product lines -- past, present, and future --  
2     anything that they'll create, that we have access to.

3             And we have whole -- whole rights to use all  
4     their trademarks, so all the branding, all of their  
5     logos, all of their brand ambassadors, so Jeezy and  
6     all of them, to market and use their name.

7             And the way that it works is as a five-year  
8     term. At the end of five years, one of two things  
9     happens. If they say we're happy, we like it, we'll  
10    continue it, then the contract auto-renews on a 12-  
11    month rolling basis, into oblivion, right? Every 12  
12    months, it will just auto-renew until they say we're  
13    done, we don't want to do it anymore, and at that  
14    point, they have to buy us out. And the buyout is  
15    they have to buy us out for three times the net  
16    operating income for the previous two years of -- of  
17    Amazon operations.

18            So that piece of paper, that contract, it's  
19    worth -- over the next five years, it's worth anywhere  
20    in the \$10 to \$12 million range. So (inaudible) just,  
21    you know, that's the McLaren, right?

22            (Inaudible audience question or comment.)

23            NATHAN ROSSI: Now, here's the cool  
24    thing, because we're just controlling their brand, we  
25    don't -- we don't -- we don't pay for any of that.

1 It's all their intellectual property. We just have  
2 the rights to use that.

3 (Inaudible audience question or comment.)

4 NATHAN ROSSI: Oh, that's -- patents should  
5 cost you -- a full-blown patent, \$40- to \$50,000. A  
6 trademark, really for what you're doing, it should be  
7 less than 10. Copyrights, less than 1,000. And  
8 license and distribution agreements, very ambiguous as  
9 to the nature of the relationship, but like I said,  
10 ours was about \$7,600, but it could go up to \$30-,  
11 \$40-, \$50,000, I mean, just depending on how  
12 complicated and ongoing it is.

13 (Inaudible audience question or comment.)

14 NATHAN ROSSI: Correct. So what we said was  
15 -- what we said was we'll do -- we'll do all of the  
16 Amazon-specific marketing. We'll absorb that cost.  
17 And we -- and we wanted to. We felt like that was  
18 (inaudible) right, to be able to control the marketing  
19 and advertising. That gave us access to all of their  
20 brand ambassadors, so Jeezy, Blake Shelton, all of  
21 their pro athletes (inaudible) players that are using  
22 the product. That gave us access to them, to be able  
23 to use those in all of our advertisements, videos and  
24 things that we'll do. And we felt like we would be  
25 willing to pay for the marketing and advertising

1 expenses to get that -- to get the leverage on  
2 (inaudible).

3 And I'll show you a video. You guys -- you  
4 guys, if you want, we'll get into marketing here in  
5 just a minute, but here's my -- here's the marketing  
6 video we did for this. This was at our last summit,  
7 so I said to Hank, I'm going to do this video, we had  
8 like -- we had like 400 people at the last summit, and  
9 I said, hey, would you guys help me put together a  
10 marketing video, and they were like, yeah, sure, blah,  
11 blah, blah, blah.

12 So the video --

13 (Marketing video played with music.)

14 NATHAN ROSSI: All right, so here's what --  
15 here's what it is. So we're launching, we're opening  
16 the store with the pre-workout, so this is a pre-  
17 launch promo video for the pre- -- for the pre-  
18 workout. Check this out.

19 MARKETING VIDEO: Hey, guys, Nathan here  
20 with Defiance Fuel, so super excited that we're in  
21 pre-launch with our Amazon store. You'll be able to  
22 get all of your Amazon products -- water, pre-workout,  
23 energy shots -- right on Amazon, delivered to your  
24 door at the convenience of a click.

25 I'm so excited about it, and it's not just



1 me, it's like 400 of my best friends -- (lengthy crowd  
2 cheer).

3 All right, so, here's the (inaudible).  
4 Here's what you're going to do. You're going to go  
5 (inaudible) put in your name and email address  
6 (inaudible) put in your information for the pre-orders  
7 for a 30 percent discount. Do it right now. (Music.)

8 NATHAN ROSSI: So -- so what this is, this  
9 creates an opt-in, and we'll get into marketing here  
10 in just a little bit, but this creates an opt-in, so  
11 it's driving people to a squeeze page or a landing  
12 page to put in their information, and so now we've --  
13 we've gained their email address and we can -- we can  
14 market to them in the future on product (inaudible)  
15 and things like that.

16 But what we do with this, this is now going  
17 viral. We're now combining this with videos of Jeezy,  
18 the Cardinals, and all this kind of stuff. So now --  
19 so now, like, this is pretty cool, so now I,  
20 personally, not only Defiance Fuel, but now I'm  
21 personally aligning with Jeezy and all these different  
22 people and getting that exposure so that we're  
23 creating viral videos and opt-ins, and so literally  
24 we're building our database. So it was pretty fun and  
25 it was pretty cool.

1           On the video, I said, hey, I want you  
2       guys -- when I turn around, I want you guys to get,  
3       like, really excited, you know, just, like, get super  
4       excited. And what I meant was, right, meaning of  
5       communication is the feedback you receive. What I  
6       meant was I just wanted everybody to get excited for  
7       like five seconds -- (demonstrating) -- you know? And  
8       then, like, I was going to -- I was going to finish  
9       talking.

10           But they just kept, like, you know, if you  
11       see -- if you saw me in the video, I was like, okay,  
12       and so -- okay, so here's what you gotta do, right?  
13       And I'm like, thinking, like, they're not shutting up,  
14       you know? The -- like, I had to -- I had to alter the  
15       audio on the video so you could actually hear me. It  
16       was so loud that I was, like (demonstrating), you  
17       know, so it was just -- it was crazy.

18           But anyway, so we'll talk about marketing  
19       and advertising, but videos like that from the  
20       marketing perspective, we were willing to absorb the  
21       marketing cost to be able to align ourself with all  
22       these celebrities and pro athletes. It just depends  
23       on really what you -- what you negotiate.

24           (Inaudible audience question or comment.)

25           NATHAN ROSSI: It's been around probably

1 four years.

2 (Inaudible audience question or comment.)

3 NATHAN ROSSI: Not on Amazon.

4 (Inaudible audience question or comment.)

5 NATHAN ROSSI: So, Luke -- yeah, yeah. So  
6 Luke -- Luke has a really weird ability to get in  
7 front of people. I don't know how he does it, but he  
8 gets in front of, like, these multi-millionaires and  
9 everything. So he calls me up. It was in, like,  
10 February. He calls me and he says, hey, there's this  
11 company called Defiance Fuel, have you ever heard of  
12 them? I was like, no, I never heard of them. He's  
13 like, Dude, they're legit, it's a great product, blah,  
14 blah, blah. They make structured water and a pre-  
15 workout and all this other stuff.

16 And I'll talk about structured water and  
17 what's happening and the next huge thing in water, but  
18 so he says could we -- could -- could we take them --  
19 they're not on Amazon, can we sell their stuff on  
20 Amazon? And I said, yeah, we could, but the problem  
21 is if we start selling their stuff and they get  
22 traction, then they can just take over the listing  
23 because it's their product, it's their brand.

24 I said, so, the only way that this would  
25 make sense, Luke, is if -- is if we just had the total

1 exclusivity on Amazon. And I said, and so what that  
2 means is if any of their products is ever sold on  
3 Amazon anywhere, it would be our store, not theirs. I  
4 was like, that's the only way it would work. And I  
5 pretty well felt like I was putting the nails in the  
6 coffin, you know? Just putting -- and so, he says,  
7 all right, cool, I'll get back to you. All right.

8 About two weeks goes by, and he called me  
9 back up, and he says, hey, bro, Defiance Fuel is  
10 ready. And I said, what? What do you mean, Defiance  
11 Fuel is ready? And he was like, they're ready to go,  
12 they -- they want -- they want us to take them on  
13 Amazon. And I was like, there's no way, dude, we  
14 didn't -- you didn't -- you like oversold the deal, or  
15 you didn't communicate it properly. He said, no, I  
16 told them.

17 I said, all right, call them back. Call  
18 them back and tell them this. Tell them that if -- if  
19 they do this, they have to give us 100 percent  
20 exclusivity on Amazon. They can't sell their own  
21 product on Amazon. And we have exclusivity to Amazon,  
22 Amazon's everywhere on Planet Earth, that we are them  
23 essentially on Amazon so that if any of their products  
24 sell anywhere on Amazon, it's us getting the sale and  
25 not them. And he said, dude, that's what I told them.

1 And I was like, tell them again. So he says, all  
2 right, I'll call you back.

3 Two hours later, he calls me back, he's  
4 like, dude, they're ready to go, man. And I'm  
5 thinking, all right, get me on the phone with them.  
6 You know, get me on the phone. So we get on the  
7 phone, the first time I've met them, small talk for  
8 15, 20 minutes. They're, like, telling me all about  
9 their product and everything.

10 I said, guys, listen, you got a phenomenal  
11 product, I've done some research. I mean, it looks  
12 good. I said, but here's the deal. I said, I don't  
13 want to waste your time. I don't -- you know, my  
14 time's precious, too, so the only way that this would  
15 work is if you guys gave us total exclusivity to sell  
16 any of your products on Amazon, on Planet Earth, and  
17 it's our store, it's not yours, and we can use all of  
18 your trademarks, all of your branding, all of your  
19 everything, and we basically have exclusive rights for  
20 you on Amazon, like that's the only way that this is  
21 going to work.

22 The president -- his name is Brian Bergdoff  
23 -- the president, he's on the phone with Dan Maddox,  
24 the CEO, we're all there together, and Brian says,  
25 man, that would be awesome.

1 (Laughter.)

2 NATHAN ROSSI: Right? And I was, like, hey,  
3 you know, and so I said, guys, I don't think you  
4 understand what I'm telling you here. And, so, Dan,  
5 the CEO, he says, all right, well, explain it. Maybe  
6 I'm missing something. And I said, like, you realize  
7 that if we do this, this is our store and not yours.  
8 Yeah, yeah, I get that. And you realize that  
9 everybody's buying on Amazon.

10 And, so, what this means is your existing  
11 footprint, you'll probably cannibalize about 25 to 30  
12 percent of your existing sales, meaning they're going  
13 to start buying from us on Amazon and not you, because  
14 once they find out it's on Amazon, they can have it  
15 shipped to their door, that's what they're going to  
16 do. And I said, so, this will go down as the worst  
17 negotiation that I've ever done, but I just want to  
18 make sure you understand, like, we'd be happy to do  
19 it, but, I mean, you're giving up a lot, but it's the  
20 only way that makes sense for us, right?

21 And, so, Dan said this, well, Nathan, I  
22 really appreciate your candidness, and it really -- it  
23 just makes us all the more want to do business with  
24 you. We realize the way of everything that is going,  
25 everybody's going on Amazon, but we don't know Amazon.

1 And we're -- we're literally just churning and burning  
2 over here, getting celebrities and Major League  
3 Baseball team and hockey teams and soccer teams,  
4 sponsorships, we're focused so on -- so much on but  
5 that we don't want to miss the boat on Amazon. So if  
6 you can take us and you can do that for us, we'd be so  
7 grateful.

8 I said, all right, I'll have a license  
9 agreement in your hand in 48 hours. I was still  
10 calling it a license agreement, right? So I call my  
11 attorney, and I said drop everything you're doing and  
12 write this contract for me now. Right? And, so, he  
13 said, don't call it a license agreement. I said,  
14 shoot, so I called back and said, hey, guys, it's not  
15 a license agreement, it's a distribution agreement.  
16 They said, potato, potato, and I said, yeah, it is.  
17 Yeah, potatoes, yeah, but I just want to let you know.

18 So we wrote it up, negotiated back and  
19 forth, sealed the deal, right? So it's a huge, huge,  
20 huge, huge opportunity with controlling brands, okay?  
21 So private labeling, the pre-launch, is all about  
22 production, production costs, everything that's going  
23 into the business infrastructure, so creating the  
24 overhead, creating the IP, creating the casting and  
25 the molds and your stamps, the contracts, inventory,

1 production. And when we get back from lunch, we're  
2 going to go through branding, marketing, and  
3 advertising. All right, branding, marketing, and  
4 advertising.

5 Yeah.

6 AUDIENCE: So when -- is anybody (inaudible)  
7 pop up on that screen like branded --

8 NATHAN ROSSI: Correct, brand restricted,  
9 restricted, you can't do it. But what I would say is  
10 this, two things -- two things that I would recommend  
11 for -- for you guys. Opt-in. Go to this website,  
12 optin, and watch how we market, right? This is called  
13 funnel packing, right? So we pack our marketing. So  
14 watch how we market to you, through email, and then  
15 retarget you on Facebook, and then Instagram. So all  
16 of a sudden, if you opt in, you will start to not only  
17 get emails from us, but then you'll pop up in our  
18 sponsored ads on Facebook and Instagram and all this  
19 other kind of stuff, right?

20 So if you want to learn how to market from  
21 really -- and it's not -- and I can't take 100 percent  
22 credit for this, but the team that we've assembled are  
23 -- it's the best of the best. Literally the best of  
24 the best. So our team is the same team that manages  
25 Nike's Amazon store, Casio's Amazon store, Purple



1 Mattress. Our marketing team specific that  
2 collaborates with them, has documented, verifiably,  
3 has sold over half a billion dollars' worth of stuff  
4 online in the last decade. These are the best of the  
5 best. What I would say is just from a marketing  
6 standpoint, opt in, put your stuff in, I'm going to  
7 give you a 30 percent discount as well, but opt in and  
8 watch how we market, watch how all of the sudden  
9 within a couple weeks, we're everywhere on all of our  
10 devices, right? We're going to be on your -- on your  
11 Google, on your Youtube, we're going to be on your  
12 Facebook, on your Instagram, right? And it's all the  
13 marketing aspect of becoming omnipresent online.

14 So you can opt in, defiancefuelamz.com. And  
15 -- and if you want to make money with us, go to that  
16 shameless plug, if you want to make money, you can  
17 become an affiliate with Amazon, and then you can  
18 just, you know, post that link, and if anybody buys  
19 our product through your link, then we'll pay out.  
20 You'll pay you out pretty healthy.

21 And I'll talk about what structured water is  
22 after the lunch, okay?

23 Questions before we hit lunch?

24 (Inaudible audience question or comment.)

25 NATHAN ROSSI: Yep.

1 (Inaudible audience question or comment.)

2 NATHAN ROSSI: Go back to your notes, that  
3 was step one, so starting with like specialized  
4 knowledge, best-sellers (inaudible).

5 (Inaudible audience question or comment.)

6 NATHAN ROSSI: So it's 12:20 right now.  
7 We'll take an abbreviated lunch. So let's do back in  
8 your seats at 1:00 -- 1:05, how about that? A 45-  
9 minute lunch break. Just grab a sandwich, a salad,  
10 come back in.

11 Last thing, we are on our final approach  
12 here, right? Tray tables up, seatbacks upright, we're  
13 about to land the plane here. So what that means is  
14 if you are enrolling in any level of the program, get  
15 it finished at lunch. If you have to finalize some  
16 stuff, do it now. Don't wait, get it done.

17 When we get back, we're going to do  
18 negotiation, branding, marketing, and advertising, and  
19 then we're done with the workshop. New students will  
20 go into orientation with it. So if you have any  
21 questions or anything, this is the time to get it  
22 answered, and get the paperwork and everything  
23 finalized so we can (inaudible) orientation meeting,  
24 all right?

25 So back in your seats, 1:05. On your mark,

1 get set, go.

2 (Lunch recess.)

3 NATHAN ROSSI: We're going to get into  
4 branding, marketing and advertising here. We had  
5 somebody over lunch that said it would help if we saw  
6 kind of the proof in the pudding, like if we saw one  
7 of your stores or we saw something like that it would  
8 kind of help. So I pulled up one of my stores here.  
9 This is the America Trading. The America Trading. So  
10 I think people aren't so much concerned as to what  
11 you're selling; they just want to know, like, well,  
12 are you really actually making money.  
13 So here is the sales for the last 30 days, \$213,448,  
14 6,000 items in the last 30 days. Here's our most  
15 recent payment, \$101,000. And the -- what's that?

16 UNIDENTIFIED SPEAKER: (Inaudible).

17 NATHAN ROSSI: No, that was just our last  
18 deposit after -- that was like right after Black  
19 Friday and Cyber Monday.

20 UNIDENTIFIED SPEAKER: (Inaudible).

21 NATHAN ROSSI: Yeah, every two weeks they  
22 give you a deposit. So here's the -- here's just the  
23 statement. So the last one we got, which the  
24 settlement period or the sales cycle, December 5th  
25 through the 10th, \$15,000 deposit; before that,

1     \$101,000; two weeks before that, \$35,000; two weeks  
2     before that, \$23,500; two weeks before that, \$8,100;  
3     \$12,660 -- you know, like that, 667; two weeks before  
4     that, \$9,300; two weeks before that, \$12,899; \$14,900;  
5     \$9,600. So proof in the pudding. Good to go?

6             UNIDENTIFIED WOMAN: (Inaudible).

7             NATHAN ROSSI: None in this one. None on  
8     this one. This is one of our arbitrage and all sales  
9     stores.

10            UNIDENTIFIED SPEAKER: (Inaudible).

11            UNIDENTIFIED MALE: What are you selling in  
12     it?

13            NATHAN ROSSI: A lot of electronics in this  
14     one. This one is cell phones, chargers, iPads,  
15     computers, gadgets and stuff like that. This one did  
16     pretty well on, like, the Black Friday and the Cyber  
17     Monday.

18            UNIDENTIFIED WOMAN: Oh, okay.

19            NATHAN ROSSI: So -- all right, so, we're  
20     going to get into branding, marketing and advertising,  
21     and we're going to talk about negotiating as well. So  
22     let's talk negotiations first and then we'll get into  
23     the branding, marketing and advertising.

24            Negotiating is all about -- I want you to  
25     write this down -- understanding the pressure points

1 -- the pressure points of the discussion. If you  
2 understand what the pressure points are -- you know,  
3 it's like my oldest daughter, Oliviana, super, super  
4 girl that you just saw there -- I don't have any boys,  
5 so I just treat them all like boys. I throw them  
6 around and I wrestle with them and, you know, my  
7 oldest daughter, Oliviana, one day we were picking her  
8 up from school and all the kids were playing out in  
9 this little courtyard area, and this boy who was about  
10 a year older than her was kind of manhandling her, you  
11 know, had her kind of like by the shoulders, you know,  
12 right here, and was kind of -- they were sort of  
13 locked up.

14 And he was doing this, and the boy's mother  
15 -- whose name was Kaia -- she said, Kaia, Kaia, be  
16 gentle, she's a girl, be gentle. And he looked at her  
17 and he stopped and he just dropped his hands, and then  
18 right when he dropped his hands, she grabbed him right  
19 by his collar and went wham and threw him on the  
20 ground. And I was like, oh, Oliviana, don't hurt him,  
21 be careful, you know? And, you know, on the inside,  
22 I'm like, you know?

23 But anyways, but my -- so I always wrestle  
24 with her. So she comes up to me -- and this is just  
25 the other day -- she comes up to me, now she's seven

1 years old, she's about 50-something pounds, maybe  
2 60-something at this point. I'm over 200, and we'll  
3 just say that. You know, I'm about 220, 225 pounds,  
4 and she comes up to me and she goes, come on, daddy,  
5 let's fight. You know, so I -- because I box, working  
6 out and stuff like that. She's like, come on, let's  
7 go.

8 And so I'm like -- I'm like, hold on -- I  
9 was on the phone. I said, hold on, like that. She  
10 grabs my hand by my pinky and she goes, come on,  
11 (phew), and rips my whole -- and so what do I do? Oh,  
12 Oliviana, right? So here this is, the seven-year-old  
13 girl, one-fourth of my weight and size, was able to  
14 completely take control of me in the situation because  
15 she understood a pressure point, right?

16 Well, it's the same way in business and  
17 negotiation. If you understand the pressure points,  
18 you understand the vulnerabilities, what's important  
19 to the other person, you can, for lack of better  
20 terms, exploit that or also use that to your  
21 advantage. And so you don't have to be  
22 smooth-talking; you just have to understand the  
23 dynamics.

24 So the first thing in negotiation is, when  
25 do you start and when do you stop negotiating? When

1 do you start negotiating?

2 UNIDENTIFIED WOMAN: At the beginning.

3 UNIDENTIFIED WOMAN: (Inaudible).

4 NATHAN ROSSI: Okay. This is the big  
5 difference between experienced negotiators and  
6 newbies, newbies -- and I actually saw a student do  
7 this. They were talking with suppliers at a trade  
8 show, everything was all good, hey, how you doing,  
9 blah, blah, blah, blah, and then when it came down to  
10 -- like to negotiate, it was like their whole demeanor  
11 changed. They were like, all right, so -- you know,  
12 they got like all serious and stuff. And I'm like,  
13 no, no, no.

14 Right? So the idea is when you start  
15 negotiating, you start negotiating from, hi, my name  
16 is, right? I mean, it's from literally the very,  
17 very, very, very, very beginning. And when do you  
18 stop negotiating? Never. Always negotiate. Right?  
19 It's like that old -- it's like that old movie with --  
20 Devil's Advocate with Al Pacino and Keanu Reeves. How  
21 many of you have seen that movie before, right? Only  
22 a couple of you? It's actually a pretty good movie.

23 UNIDENTIFIED MALE: What's the name of it?

24 NATHAN ROSSI: So you remember they're on  
25 the top of the skyscraper, you know, and Al Pacino is

1 like, yeah, so, you know, what if you did this, and  
2 blah, blah, blah. Keanu Reeves said, are we  
3 negotiating? And he goes, always, right? Devil's  
4 Advocate, right? And so anyways, always negotiate.

5 So in your dialogue, in your conversation  
6 from the very beginning, you want to -- the first  
7 thing is what we call you want to set the frame. You  
8 want to set the frame. Negotiating is really all  
9 about the intangibles of the relationship. Let me  
10 give you an example of an intangible. Any  
11 relationship of any type, business, friendship,  
12 marriage, you know, you're at the bar, club, whatever  
13 it is. If person A needs -- needs person B, who's in  
14 control?

15 AUDIENCE: Person B.

16 UNIDENTIFIED WOMAN: B.

17 NATHAN ROSSI: That's why women always win,  
18 right? So women have -- they have this ability to --  
19 like, I don't need you, right? And then you're like,  
20 you know -- you know, just like puppy dog following  
21 them around, right?

22 So -- and it's always wise -- you hear like  
23 the saying, you know, why do good girls like bad boys?  
24 Because the bad guys have this air about them, like I  
25 don't need you, and then, you know, you always want



1     what you can't have, right?

2             Anyways, so in the very beginning, like an  
3     intangible is who needs who? So you want to set the  
4     frame and the context of -- from the junk that you  
5     don't need them; they need you. You don't need them;  
6     they need you.

7             So a couple things that you could do to set  
8     that frame is going to get into how you represent  
9     yourself. So, number one, perception of size. If you  
10    go to somebody and you say, hey, my name is Nathan,  
11    and I have an Amazon store that just started, and I  
12    was looking to source some products from you, versus  
13    hi, my name is Nathan, and I'm an Amazon retailer, I'm  
14    a part of a buyer's network that represents over  
15    10,000 Amazon stores in six different marketplaces,  
16    and what I'm looking to do is establish relationships  
17    with suppliers that might qualify to be a part of our  
18    network, and so I just wanted to see if you would be  
19    interested in that conversation.

20            Still the same you, right? But like, for  
21    instance, as a part of our network, as a part of our  
22    organization, you are a part of the network of over  
23    10,000 Amazon stores in six different marketplaces.  
24    All right? So now you just became, (whoosh), so much  
25    bigger, and you represent so much more. But if you

1 just say I am an Amazon retailer and, you know, I'm  
2 just starting out, blah, blah, blah, you don't mean  
3 anything to them. And, also, you need them? They  
4 don't need you.

5 But if you now represent a bunch of  
6 businesses, now you're holding sort of the  
7 relationship with us, all these different stores and  
8 everything, you kind of can dangle that as a carrot,  
9 if you get me to get them. If you get me, I can give  
10 you access, introduce you, right? All of a sudden,  
11 immediately, they need you, right? So perception of  
12 size. Perception of size is one way you can create  
13 the "they need you" dynamic.

14 Verbiage, vocabulary. So here's another  
15 thing: You could say something along the line -- I'm  
16 just going to give some talk tracks here, all right?  
17 You could piece them together to make your own script  
18 or set your own frame, however you need, but you could  
19 use words like, "interview, qualify, fit our program."

20 So it could be like this: Hi, my name is,  
21 I'm an Amazon retailer, I'm part of a buyer's network  
22 of over 10,000 retail stores in six different  
23 countries, or marketplaces, and we're looking to add  
24 ten preferred vendors to our database, and I'm  
25 interviewing -- this week I'm interviewing

1 manufacturers and suppliers that could possibly be a  
2 good fit for our program as long as they meet our  
3 standards.

4 Now, when you think interview, well, what's  
5 the message that comes to mind? Yeah, like they have  
6 to qualify, right? They -- you're approving them.  
7 They're not approving you. You're approving them, all  
8 right? They have to play by your rules, by your game,  
9 fit into your box, all right? So how you -- what you  
10 say and how you say it is very important. Now the  
11 ideal thing to understand is, it's still you, right?  
12 You haven't been dishonest, you haven't been  
13 unethical, you haven't been gray area. Everything  
14 that you've said or that I've said thus far, is that  
15 true? Yes or no?

16 UNIDENTIFIED MALE: Yes.

17 NATHAN ROSSI: It sure is, right? So it's  
18 -- like these are the -- and the intangibles of the  
19 deal, these are the important -- when you start to  
20 frame, setting the frame of the -- of the negotiation  
21 is really what we're saying is we're creating the  
22 intangibles of the relationship.

23 Second thing is, you want to get -- what we  
24 call get altitude in the conversation. So you want to  
25 get altitude, meaning you want to negotiate from a

1 sense of control, not from an underhanded position.

2 So getting altitude in the conversation really comes  
3 down to two things: Number one, your ability -- your  
4 ability to do -- well, let me say it like this: Your  
5 perceived ability to do big business with them. Your  
6 perceived ability to do big business with them.

7 If you put in an order for 500 items, it's  
8 like, wah, wah, wah, but if you -- if you say, hey,  
9 just to give you an example of the type of products  
10 we're looking at, you know, we're looking at these dog  
11 rakes, you know, these undercoat rakes here, could you  
12 guys produce those? Oh, yeah, we can do that. Okay,  
13 well, if I put in an order for 150,000 of them, what  
14 kind of deal, like just to -- just to sort of start  
15 the conversation, what kind of deal would that be?

16 I didn't tell them I was going to buy  
17 150,000, right, but if I'm -- if I throw that out  
18 there as 150,000 or 100,000, now all of the sudden,  
19 there's a lot of assumption on their end that comes  
20 with that, right? Like if you're going to be asking  
21 for 150,000, well, surely you've got money to pay for  
22 150,000 or need for 150,000. Although I didn't say  
23 that, I'm just asking, hey, if I did 150,000, what  
24 would the price be? Right? So perception of your  
25 ability to do big business with them.

1           The second thing is this: It would be what  
2   we call a letter of authorization. A letter of  
3   authorization. So one of the things that you want to  
4   do is you want to create distance between you and --  
5   you and your company. You're going to set up an  
6   entity, a business, a corporation, whatever it is, and  
7   you want to create distance between you and them. Not  
8   in an asset protection standpoint, but in that you  
9   don't want to put on your business card CEO, boss,  
10   owner, right? You want to give yourself some title  
11   like, you know, product development manager, product  
12   representative, you know, product research specialist,  
13   buyer's agent, something like that.

14           Why? Because if you're the -- if you're the  
15   boss, if you're the CEO, then they know that the buck  
16   stops with you. And if there's going to be a discount  
17   or if there's going to be -- you know, the final  
18   decision needs to be made, there's nowhere else to go,  
19   you've backed yourself into a corner.

20           But all of the sudden if you say, hey, I've  
21   been tasked -- I'm a representative, a product  
22   representative of the company, the buyer's agent, and  
23   I've been tasked with the -- with the instructions to  
24   find suppliers and manufacturers who can -- who can  
25   supply products that meet these standards -- paper

1 across the table or an email, right -- looking for  
2 manufacturers that can meet these standards. Now what  
3 are the standards? It's your ideal product. It's  
4 your ideal return on investment. It's your ideal lead  
5 time. It's your ideal quantities line, your MOQ.  
6 It's your perfect -- it's like the avatar for your  
7 perfect product.

8 I've been tasked by the company. They don't  
9 need to know that you are the company. I've been  
10 tasked by the company -- from the powers that be,  
11 right -- to interview suppliers that could meet these  
12 criteria. So see, already, I'm already negotiating  
13 without even negotiating. I'm already telling you,  
14 these are my terms, without saying, all right, let's  
15 talk terms. Hey, I just need to know can you meet  
16 these or not, and if you can, then we'll interview  
17 you. Right? .

18 So here's what I'm looking for. Here are  
19 the type products, the company tasked me with this,  
20 and if -- here's where the letter of authorization  
21 comes in, and if I found a supplier, a manufacturer  
22 who can produce or can make these products or that can  
23 hit these numbers, I have been authorized to make  
24 purchasing decisions of up to a million dollars.  
25 I didn't tell them, hey, I've got a million dollars

1 cash in the bank, I didn't even tell them I've got  
2 access to a million dollars. I just said the company  
3 has authorized me to make buying decisions up to a  
4 million dollars. Anything above a million dollars,  
5 I'm going to have to go and get permission from the  
6 company. Right?

7 So, again, perception of value, perception  
8 of size, perception of ability to actually do  
9 business. That make sense? Two of you nodded. This  
10 is all to be compared with you going in and saying,  
11 hey, I just started an Amazon store, and I was trying  
12 to see if possibly you could get me a deal, please.  
13 Right? And I've seen that.

14 So letters of authorization. Hey, I've been  
15 authorized by the company. So it's good cop/bad cop.  
16 What you want to do is when you create separation  
17 between you and the company, what you want to do is,  
18 it's kind of like draw a line in the sand and make the  
19 company the bad guy, and then you're on their side of  
20 the line. So draw a line, (psshh), and then, hey,  
21 listen, I really like you, I really think that we can  
22 do business together; however, I'm handcuffed in this.  
23 The company has got certain policies and stipulations  
24 they stick to, help me help you, when really it's just  
25 your business, yeah. So it's your business partner,

1 right? It's your wife, it's your husband.

2 I always tell people all the time, listen,  
3 I've got to get permission from the boss, which is my  
4 wife.

5 UNIDENTIFIED MALE: That's right.

6 NATHAN ROSSI: True story. She's the boss.  
7 She runs the show. Happy wife, happy life, right?  
8 And so letters of authorization.

9 UNIDENTIFIED MALE: (Inaudible).

10 NATHAN ROSSI: Yeah. Write a letter of  
11 authorization.

12 UNIDENTIFIED MALE: (Inaudible).

13 NATHAN ROSSI: Everything is -- everything  
14 looks good, not really what we were exactly looking  
15 for, but I'll tell you what, we'll start with a small  
16 order, we'll test it out. If everything goes well,  
17 then we'll grow from there, and I'd also like to  
18 introduce you to the network and introduce you to a  
19 bunch of my best friends.

20 UNIDENTIFIED MALE: Oftentimes they will let  
21 -- (inaudible) -- like lock in for the future, too --  
22 (inaudible).

23 NATHAN ROSSI: You could.

24 UNIDENTIFIED MALE: Do they -- (inaudible).

25 NATHAN ROSSI: You could. It's not



1 uncommon. You could put in, say, 150,000, \$200,000  
2 order, that is in \$2,500 increments, right? Or 5,000  
3 unit increments, right? So you pay as you go. That  
4 is -- we're going to get to that in just a second.

5           You're going to want to create what I call  
6 -- now you're not going to call it this to them, but  
7 what I call a credibility packet. A credibility  
8 packet. A credibility packet is going to be a little  
9 -- you know, if you were actually going to be in  
10 person, it would be a printout, like a brochure, a  
11 little pamphlet. If you're emailing it, just  
12 basically going to be maybe a folder that you send  
13 that would have a bunch of documents, or like a PDF  
14 that's all together.

15           But it's going to have the company, all the  
16 info on the company, the website -- your website or  
17 your domain or your Amazon store. It's going to have  
18 a bio of you and all of your team. And who's your  
19 team? It could be your mentor, it could be your  
20 coach, it could be your business partners, it could be  
21 your attorney, your CPA, your marketing person. It  
22 could be -- right? You're assembling your team. You  
23 have a little bio of all of them. Here's our team,  
24 here's what we specialize in, whatever it is, pet  
25 supplies or electronics or whatever it is. This is

1 our focus.

2 Talk about we're part of the AWS network,  
3 right? Blah, blah, blah, blah. You're writing all of  
4 these things, credibility, your letter of  
5 authorization would be in there, your ideal -- your  
6 avatar for your perfect product, so your terms and  
7 conditions of your program. He said, well what about  
8 our program? We'll create a program, right? Come up  
9 with your -- whatever the name of your store is --  
10 what's the name of your store?

11 UNIDENTIFIED MALE: Bayview Supplies.

12 NATHAN ROSSI: Bayview. So Bayview Supplies  
13 Amazon -- Amazon Inventory Program, right? Bayview  
14 Supplies, AIP, Amazon Inventory Program, right? We  
15 have our AIP, and if we're going to be -- if we're  
16 going to bring you in, preferred vendor with our AIP  
17 program, then you need to meet these criteria -- this  
18 criteria. And come up with a criteria. You need to  
19 have a margin of, you know, 30 percent. You need to  
20 be moving on Amazon at least X amount of times. You  
21 need to be able to get it at this price. We need the  
22 production and lead times to be less than 45 days. We  
23 need whatever it is. Come up with the stipulation of  
24 exactly what you need, and congratulations, you've got  
25 a program. Good?

1           And so all of this would go in a credibility  
2     packet that you're going to send to -- to your  
3     supplier and manufacturer as you're beginning to open  
4     the conversation up. So once you've established  
5     rapport with them or a conversation with them, send  
6     them a credibility packet. Here's some information on  
7     our company. And notice, once you send the  
8     credibility packet, your program's in there, your  
9     letter of authorization is in there, and your email,  
10    you could even just almost copy and paste almost an  
11    email template or a script that would just say exactly  
12    what I've been saying.

13           I've been tasked as a product representative  
14    to interview and come up with ten suppliers that we  
15    could add to our preferred vendors list that could be  
16    suppliers not only for our company, but after we vet  
17    them out and do business, that we could introduce to  
18    our network of over 10,000 Amazon retail stores in six  
19    different international marketplaces.

20           UNIDENTIFIED MALE: (Inaudible).

21           NATHAN ROSSI: I'm already negotiating,  
22    right? We haven't even gotten to talking specific  
23    terms and payment and blah, blah, blah, blah,  
24    everything, but I have just set it all out in array  
25    that, number one, the attitude is I don't need you,

1     you need me. As a matter of fact, you're a dime a  
2     dozen. I can find 100 of you, and I can buy whatever  
3     you have as long as it fits this, and this is our  
4     ideal product. And so if you qualify, and you pass  
5     the interview, then we'll do business. And all that's  
6     been said before we even start negotiating. Right?

7             So negotiating is all the like little  
8     pressure points. It's all about understanding setting  
9     the intangibles in place. So really once you get to  
10    the formal negotiation, there is -- there's not a lot  
11    of details left to really hash out at that point. And  
12    so when you get to the formal negotiations, you should  
13    already have set in place a supplier or a manufacturer  
14    that can get you really close to your ideal  
15    transaction or your product, right?

16            So you've already qualified them. They fit  
17    the criteria. They can do this. They can hit certain  
18    lead times and ROI and gross margin and all these  
19    different things. They already meet all of that. Or  
20    you wouldn't be talking to them at this point, right?

21            So once you get to the -- once they check the box  
22    that, yes, all of those different things, and you're  
23    at the formal negotiation period, now the whole --  
24    your whole tone changes, and the tone changes to this:  
25    Is that you want -- you want to be -- you want to take

1 the attitude of serve first and be a value add to  
2 them. Serve first and be a value add to them.

3 Have you ever heard that saying, hey, you  
4 scratch my back, I'll scratch yours? Right? I don't  
5 agree with that. I think it's backwards. I think as  
6 an entrepreneur, as a business owner, your goal is to  
7 provide value first. Let me scratch your back first,  
8 and once I've scratched your back enough, then you  
9 scratch mine.

10 So we're looking to create value. And so  
11 watch -- watch what happens. Watch how this works.  
12 When you create value and you serve first -- so let's  
13 say like I'm like, hey -- we're negotiating, or we're  
14 in conversation, and I say -- and let's just make it  
15 here, like realtime. It's here. We're not over in  
16 China. We're not overseas. Say like let's see if we  
17 can do this deal. I say, let's go out to eat, right?  
18 So then I send a limo to pick you up. Maybe this is  
19 like a big -- right? Big deal. But this is an  
20 overexaggeration, just to make the point, right? I  
21 send a limo to pick you up. And you're like, what?

22 UNIDENTIFIED MALE: Wow.

23 NATHAN ROSSI: Wow, right? So then the limo  
24 picks you up and then brings you to -- like, what's  
25 like a really nice restaurant around here?

1 UNIDENTIFIED MALE: Top of the Mark.

2 NATHAN ROSSI: Okay. So one of those. One  
3 of those. So we go there and you're like, man, this  
4 is pretty cool. And then we get in, and they come --  
5 the waiter comes, we're looking at the menu, and I say  
6 -- and I look to you and I say to the waiter, hey,  
7 listen, anything you want, the bill is on me today,  
8 okay? Anything you want, it's on me. It doesn't  
9 matter, just get whatever you want. And all of the  
10 sudden, you're like, limo, nice restaurant, buy  
11 anything I want, right?

12 And then when we get done, when you get back  
13 to the house, there's a box sitting on the front door  
14 of your house, and it's a thank you gift for your  
15 time, and it's a gift card to your favorite local  
16 store or whatever it is, and -- right? So then all of  
17 the sudden, I call you up and I say, hey, I really  
18 enjoyed our time together. What else can I do for  
19 you? What else can I do? I mean, just tell me, just  
20 what else can I do?

21 How are you feeling right now?

22 UNIDENTIFIED MALE: Like a rock star.

23 NATHAN ROSSI: Okay, and what do you want to  
24 do for me?

25 UNIDENTIFIED SPEAKER: (Inaudible).

1           NATHAN ROSSI: Be generous. Return the  
2 favor. Why? Because isn't there, even at the  
3 smallest level, isn't there like a little feeling of  
4 indebtedness? Right? A little feeling like, I need  
5 to get -- I need to reciprocate here, right? Law of  
6 reciprocity. I need to give back here.

7           So here's the thing: If you've done a good  
8 job on the front end setting the frame, establishing  
9 the relationship, this is somebody who can -- who can  
10 give you their -- the deal that you need, the products  
11 that you need, when it gets down to the formal  
12 negotiation period or time, what are they expecting?  
13 They're expecting you to -- they're expecting for you  
14 to beat them up, right? To chop them down on price,  
15 to just grind them into the ground on every penny.

16           And you turn around and say, hey, if we did  
17 business together, how would this work well for you?  
18 What could we do? Do you like to take payment up  
19 front, like 100 percent up front, or do you like to  
20 just -- do you like to take nothing up front and just  
21 all at the back end, or half up front? How is it best  
22 for you?

23           And if I put in an order of, say, 10,000,  
24 what's better for you? If I did all 10,000 together,  
25 or say if I did a thousand a month for the next ten

1 months? What would be really good for you? What  
2 would be better for you? Is it if I use my own  
3 shippers, customs brokers, freight forwarders and  
4 logistics team, because we have them, or would it  
5 really work better if I used your people? Is there --  
6 would you -- would you make money off of the deal if  
7 we used your people? Because I really, you know, I  
8 want this to be win-win. I want you to make money off  
9 of this deal, you know?

10 Right? They're like, what? Hey, who are  
11 you, right? Now all of the sudden, you're like,  
12 they're -- what I call this, the official term for  
13 this, but what I call this is it's social currency,  
14 right? You're building up -- you know, you're  
15 building up, building up, you're adding value, value,  
16 value, and you know that it's time to officially  
17 negotiate when their feeling of indebtedness or  
18 feeling of reciprocity, they tell you, wait a minute,  
19 you know, no, no, no, how is this going to work for  
20 you, right?

21 So I know when to ask for stuff, right?  
22 It's when they're full. Because when people are full,  
23 they're ready to pour out. They're ready to overflow.  
24 So serve first. When you get to the formal  
25 negotiations, serve first, add value, create value,



1 fill them up, make sure it's a good deal for them, let  
2 them know your intention is for them to make money,  
3 and you want them to make a lot of money, you want it  
4 to be a win-win, you want this to be -- just you are  
5 hoping and praying that this all works out so that you  
6 can connect into your bigger network and then they can  
7 make more money off of other people, too, and it's  
8 just like, man, I really want to make this happen.

9 That's the tone in the formal negotiation,  
10 because at that point, they're going to -- they depend  
11 -- how can you be a hard ass when somebody is like  
12 that to you? How can you play tough when somebody is  
13 just basically saying, I just want you to win. I want  
14 you to make money. I want you to do -- it's  
15 disarming. Right?

16 And so now what you get is, you have a real  
17 conversation with them, right? They're not playing  
18 all the games, you know, all this other stuff, and now  
19 you can literally almost ask for what you want.  
20 Right?

21 Let's talk about payments. What do you  
22 think? How much do you pay, when? Do you pay it all  
23 up front? Do you pay nothing up front? All at the  
24 back? Halves? Thirds? Do you wire them money, send  
25 them a suitcase of cash? Pay with a credit card?

1 What do you think?

2 UNIDENTIFIED WOMAN: Maybe a third.

3 NATHAN ROSSI: Pay a third.

4 UNIDENTIFIED MALE: What are the options  
5 again?

6 UNIDENTIFIED WOMAN: Thirds.

7 NATHAN ROSSI: Thirds, okay.

8 UNIDENTIFIED WOMAN: Maybe.

9 NATHAN ROSSI: So net 30. Okay. So they're  
10 going to ship the order and you'll pay them in 30  
11 days? Okay.

12 UNIDENTIFIED MALE: Ninety days.

13 NATHAN ROSSI: The answer is, whatever is  
14 best for them. But, Nathan, what if somebody says  
15 what's best for them is to pay 100 percent up front?  
16 Hey, I'm great with that. If I pay 100 percent up  
17 front, would you be willing to give me a little bit of  
18 a discount? Would you -- if I paid 100 percent up  
19 front, would you be willing to put my order at the top  
20 of the -- at the top of the heap? Meaning like you go  
21 to production like tomorrow on my order?

22 Because I'll pay 100 percent up front, yeah,  
23 I'll just -- listen, I'll put all the cash -- I'll  
24 wire the cash and put it in escrow. Sure. 100  
25 percent of the money is there, I'll put it in escrow.

1 It's right there waiting for you. As long as I  
2 receive -- when I receive the order, release the money  
3 and you've got it.

4 So I paid 100 percent up front, it's there,  
5 it's waiting on them, right? And they may say, yeah,  
6 but that's not up front. I have to ship the order.  
7 Well wait, I mean, we're all doing our part in  
8 business here, right? I mean, this is -- we're doing  
9 the transaction, but the good thing is, is that what  
10 they see is this: They don't have to wonder, am I  
11 going to have to chase them down for this money? Do  
12 they actually have this money? Am I going to have to  
13 fight them? When they see, boom, 100 percent of those  
14 funds sitting in an escrow account, that speaks,  
15 right? That will speak volumes. And I -- and I've  
16 done and am willing to do that.

17 Maybe halves. Some manufacturers, they  
18 don't want you to pay up front. What they want to do  
19 is they want to give you 30, 60, 90-day terms, because  
20 if they can give you, say, 60-day terms, then they can  
21 make a little bit more on the financing. So if they  
22 have enough capital and stability to be able to float  
23 that, then they'll say, I'll tell you what, we'll give  
24 you 30, 60, 90-day terms, whatever it is, net 90  
25 terms, and we'll just add like about 1 percent a month

1 finance charge, if that would help you out. All day  
2 long, I'll take it. Right?

3 Hey, we'll take care of all the shipping,  
4 all the logistics, all the everything, if you just use  
5 our people. Great, sounds good. So the answer to the  
6 question, payments, how much to pay, how to pay, when  
7 to pay? It's really whatever makes sense to them.  
8 So what I would tell you is, if you're going to pay --  
9 if you're going to wire funds, always use escrow.

10 UNIDENTIFIED MALE: How do you do that?

11 NATHAN ROSSI: There's international escrow  
12 companies that do wire transfers, and like if you're  
13 buying materials, raw materials, if you're just doing  
14 business internationally, there's just international  
15 escrow companies. Same exact thing as a real estate  
16 transaction, but just for business.

17 If you're going to pay with a credit card,  
18 what I would suggest is, you use a third-party  
19 platform, like an Alibaba, like DHgate,  
20 madeinchina.com, use one of those platforms, and use a  
21 business, so a corporate credit card. Not a personal  
22 credit card, not a business debit card, so linked to  
23 your bank account, an actual credit card in the name  
24 of your business.

25 The reason why is because the fraud

1     protections are different for business credit cards  
2     than they are for business debit cards and even  
3     personal credit and business cards -- or credit --  
4     personal credit and debit cards. So there's zero  
5     liability, zero fraud, there's international  
6     protection. A lot of times there's -- you get better  
7     rates on currency exchanges in international  
8     transactions with business credit cards. So use a  
9     business credit card on a third-party platform.

10           When you start to do the business with these  
11     manufacturers and suppliers, you don't know them, they  
12     don't know you, so you need to rely pretty heavy on  
13     the infrastructure that's in place with say like an  
14     Alibaba, or if you're going to do an escrow company,  
15     there will be a mediation type infrastructure in place  
16     to where if you order a thousand of something or 5,000  
17     of something and only 4,200 show up, they have  
18     processes in place to mediate that and action steps  
19     forward on how things get resolved. But if you just  
20     paid direct, you wire direct, you pay with a credit  
21     card direct to the supplier, the manufacturer, and  
22     something goes awry, then it's just you and them, and  
23     now you have to try to fight them for an order or  
24     inventory.

25           So use a third party, somehow, to get in the

1 middle, whether it's escrow, whether it's a  
2 third-party platform like Alibaba or DHgate, whoever  
3 it is, MadeinChina, and use a business credit card.

4 UNIDENTIFIED MALE: Business credit card,  
5 that's kind of one that you -- it's still your  
6 business, your John Barnett's credit, and there's also  
7 the credit on the business? It's a separate entity?

8 NATHAN ROSSI: For this, it doesn't matter,  
9 just as long as it's in the name of the business.

10 UNIDENTIFIED MALE: The name of the  
11 business.

12 NATHAN ROSSI: Correct, all right?

13 UNIDENTIFIED MALE: (Inaudible).

14 NATHAN ROSSI: Don't do debit cards.  
15 You want to do a credit card in the name of your  
16 business.

17 UNIDENTIFIED MALE: (Inaudible).

18 NATHAN ROSSI: All of the liability if  
19 you're using a credit card versus a debit card. So,  
20 yeah --

21 UNIDENTIFIED MALE: Hey, even when it  
22 says --

23 NATHAN ROSSI: Correct. So Barnett Property  
24 Group, has his name on it, but Barnett Property Group  
25 and it's a business. It's a Chase, right? So that

1 would be a great example. This is a credit card, not  
2 a debit card, right? Yeah, so it's a credit card. So  
3 that's fine. What you're talking about is like tier  
4 1, 2 and 3 lines of credit. It doesn't matter if you  
5 have to personally guarantee the credit card. That's  
6 not what we're talking about. We're just talking  
7 about the actual type of business credit card versus a  
8 debit card. Good.

9 All right, branding, marketing and  
10 advertising. I'm going to give you guys the play  
11 here. I'm going to give you guys what to do, what it  
12 looks like, and understanding that maybe, if we're  
13 lucky, three of you are going to actually launch a  
14 private label, right? So first thing is this, what I  
15 would say is, if you haven't done it, write it down,  
16 defiancefuelamz.com. Opt in there. Opt in there, and  
17 watch how we market. Watch how we market, how we  
18 email, how we target you on Facebook and Instagram,  
19 okay?

20 So marketing these days, gone are the days  
21 of the SEO, search engine optimization. Gone are  
22 those days, when it comes to e-commerce. And it goes  
23 back to where -- you know, if you're tracking dollars,  
24 if you're tracking transactions, where are e-commerce  
25 dollars being spent? Well, they're not being spent on

1 individual websites, right? They're not being spent  
2 on, you know, Johnswebsite.com. People aren't going  
3 to individual store websites and buying there.

4 They're going to -- if you can follow the  
5 analogy, if you open your own store or website, that's  
6 kind of like an online store, versus if you go to a  
7 website like Amazon or Walmart or Target, these are  
8 like online malls, right? So it's thousands of brands  
9 or thousands of stores at one place, but this is where  
10 people are spending money, right? Because why?  
11 People trust brands. They trust big names. They  
12 don't trust, you know, Bob from Utah that they've  
13 never met, never seen, don't know. They don't want to  
14 have to trust that. They want to go to Amazon. They  
15 want to go to Walmart. They want to buy off of these  
16 sites that have free shipping and guarantees and  
17 warranties, and that's where people are spending  
18 money. Statistically, that's where the dollars are.

19 So for you to try to optimize an individual  
20 website through SEO, you're just throwing money off  
21 the roof. You don't need it. Where you should be  
22 investing your dollars, write that down, is SMO,  
23 social media optimization. The dot-com boom was all  
24 about creating e-commerce websites that you could make  
25 money online. The next evolution of that was moving



1 away from individual websites to online malls. The  
2 next evolution is already under way in e-commerce, and  
3 it's what we call social commerce. So where you will  
4 be able to transact business social media profile to  
5 social media profile. So my Facebook, you can buy  
6 goods and services from your Facebook account to my  
7 Facebook account; from your Twitter account to my  
8 Instagram account.

9 UNIDENTIFIED MALE: Hey, Nathan, I'm not  
10 sure, how is that different from now? I mean, you  
11 said it's coming, but isn't that what's already --

12 NATHAN ROSSI: The groundwork is in place,  
13 and yeah, we're seeing little smatterings of it  
14 already. So we're seeing things like -- like on  
15 Facebook, they have the Facebook marketplace, right?  
16 They have -- how many of you have seen  
17 recommendations, right? Facebook recommendations,  
18 looking for a plumber in the Oakland area, how many of  
19 you have seen that before, right? Recommendations.  
20 It's a new feature.

21 How many of you have seen that you can send  
22 money to people through Facebook, right? Or how about  
23 you can send money -- you can email money to people?  
24 Have you seen that, through Gmail? How many -- have  
25 any of you ever done that, emailed somebody money,

1 right?

2           So all of these things are happening, and by  
3 the way, this is also -- you know, coming out of left  
4 field, this is also where cryptocurrency and  
5 blockchains is coming into play, cutting out the  
6 middleman. The blockchain is where two individuals  
7 can do business direct, no middle man, no merchant  
8 account, no Visa, MasterCard, American Express, no  
9 banks, no anything. It's just a blockchain where me  
10 and you connect one on one. You have a key, and I  
11 have a key, and it's generated one time and it's  
12 unique. When we both activate the key, it opens up,  
13 we exchange cryptocurrency, and then the blockchain is  
14 dissolved and it's gone, right? So this kind of stuff  
15 is where social commerce and e-commerce dollars are  
16 going.

17           So what you're looking to do is get out  
18 ahead of the curve. So think about social media as  
19 like digital real estate, right? Digital real estate.  
20 You create an ad today, you create a post today,  
21 that's still there five years from now. You create a  
22 video on YouTube today, that's still there five years  
23 from now. So like that video that I just created, you  
24 know, that I showed you guys earlier, yeah, that  
25 thing, I can keep promoting, keep using that, keep

1 repurposing that. That will be there. Those views,  
2 that -- that engagement. Will still be there five  
3 years from today, right?

4 So the ROI of social media, investing in  
5 social media and that real estate, so to speak, is  
6 very high leverage right now. So what you're looking  
7 to do -- and give you your plan here -- what you want  
8 to do is you need to be on these three platforms, no  
9 questions asked: Facebook, YouTube, and Instagram.  
10 Facebook, YouTube and Instagram. Oh, and if your  
11 ideal customer, what we call a customer avatar, is a  
12 female, you need to be on Pinterest. Pinterest.  
13 How many of you have never heard of Pinterest before?  
14 Wow.

15 UNIDENTIFIED MALE: Is there one for guys?

16 NATHAN ROSSI: Instagram, brother.

17 UNIDENTIFIED MALE: Instagram.

18 NATHAN ROSSI: Yeah. Okay, so here's why  
19 those -- here's why those three platforms: Number  
20 one, Facebook, unequivocally, no questions asked, the  
21 best marketing platform on planet Earth. Why?  
22 Because of its -- its ability to reach such a broad  
23 audience and yet be so laser-focused in target.

24 So like you know all that information that  
25 Facebook collects on you that they say they don't

1 collect on you? Well they sell that to people like  
2 marketers, people like me. So if you know who your  
3 ideal customer is, your avatar is, you could create an  
4 ad, a video, and you could say -- and this would get  
5 into creating what's called your Facebook pixel,  
6 right? Your pixel. So you could -- you could say, I  
7 want this ad to get in front of males between the age  
8 of 26 and 37 that are white, African American and  
9 Asian, that are -- have a college degree or better,  
10 that make between \$75,000 and \$130,000 a year, who are  
11 single, but divorced, who have a dog and are  
12 Republicans. Right?

13 Think about the power of that. If you know  
14 who your customer is, right? I mean, you're --  
15 (shew), cutting right there you know, two billion  
16 people on Facebook and getting right in front of them.  
17 You know? Or it could be as simple as get me in front  
18 of all people between the ages of 20 and 60 that are  
19 geographically in the city of Oakland. Right? That's  
20 pretty wide range, but you can do that, too.

21 And so this is why you need to be on these  
22 platforms. Social media marketing is all about story  
23 telling. It's the art of story telling. Right? So  
24 I'm going to tell you how to do this. You need the  
25 steps. You need some exercises to do, and then we're

1 going to wind down here. Okay, so your step one is  
2 creating your customer avatar. This is your ideal  
3 customer who's going to buy your product. So here's a  
4 good exercise for you to do this. It will take you a  
5 couple of hours, but it's okay. What you want to do  
6 is mentally walk through a 24-hour day in the life of  
7 your ideal customer. You say -- I'm not going to do a  
8 full 24-hour day, but here's what this would look  
9 like.

10 So, okay, my customers, they wake up. Well  
11 immediately there's about a dozen questions. Number  
12 one, well, where are they waking up? What state are  
13 they in, if that matters, what region? Are they  
14 waking up in a high-rise condo in a metropolitan area,  
15 or are they on a farm in a rural area? Are they in  
16 suburbs? Okay, write it down, write it down, write it  
17 down, okay?

18 Well, who are they waking up next to? Are  
19 they waking up next to a husband, a wife, a partner, a  
20 dog, somebody they met at a club last night? Are they  
21 waking up by themselves? If they woke up by  
22 themselves, are they single, or do they have a  
23 traveling spouse, or are they divorced?

24 So you're trying to create out of nothing.  
25 You're trying to think through who, what are the --

1 some character traits of my ideal customer, okay?

2 Okay, so they woke up, you know where they woke up,

3 who they woke up next to, blah, blah, blah. Well,

4 what time are they waking up? Do they wake up at 4:00

5 in the morning because they're a day trader getting

6 ready for the market? Or do they wake up at 2:00 in

7 the afternoon because they're a nightclub bouncer?

8 Right?

9 And then they get up and they get dressed.

10 Are they wearing a suit and tie? Are they a career

11 professional? Or are they putting on yoga pants and a

12 T-shirt, putting their hair up and chasing three girls

13 around the house? And if they wear yoga pants, do

14 they actually do yoga? Probably not.

15 Okay, what do they have for breakfast? Is

16 this like a zero percent Greek yogurt, you know,

17 organic -- organic oats, you know, and Kombucha tea,

18 or is this like steak, eggs and extra thick bacon?

19 You say, well what does this have anything to do with?

20 Because if you know all of these different character

21 traits about your customer, then you could look and

22 say, wow, ironically, like my customer typically like

23 these are people who would drink Kombucha tea. So

24 now, if that's the case, then you can find Kombucha

25 tea pages and groups on Facebook, and you can say, I

1 want this ad to show up in front of all the people  
2 that follow these pages. That creates what's called a  
3 customer avatar.

4 Again, you're answering a lot of questions,  
5 but you need to know who this is. Right? Take your  
6 best shot.

7 UNIDENTIFIED MALE: (Inaudible).

8 NATHAN ROSSI: So the next thing is this:  
9 Once you've found -- once you have found and come up  
10 with a customer avatar, the next thing is to build  
11 your audience, okay? Your audience is called  
12 different things on different platforms. Fans,  
13 followers, subscribers -- yeah, fans, followers,  
14 subscribers, you know, friends. But you're looking to  
15 build your audience up, to build your audience. And  
16 this is going to really come -- this is going to come  
17 through a lot of paid -- paid and sponsored ads,  
18 traffic, right? You're promoting your brand,  
19 promoting your pages, you're building your audience by  
20 getting people to follow, to subscribe to you. Okay?

21 So as you're building your audience up, it's  
22 not just -- that's the next step, is building your  
23 audience. After there, it's all about audience  
24 engagement. So it's not the size of the audience that  
25 matters -- sorry. It's not the size that matters,

1 it's what you -- it's how you use it. Right? So  
2 wrong.

3 Okay. So, you know, it's like, if you had  
4 an audience of like 10,000 Facebook fans or followers,  
5 but every time you put a post out, you know, you get  
6 six likes and three comments, and every now and again  
7 a share. Like, well, that's worthless. I'd rather  
8 have an audience of a thousand followers, and every  
9 time I post, 420 of them are -- you know, are  
10 commenting and liking and sharing and all this other  
11 stuff, right?

12 So it's you have to build the audience, but  
13 it's better to have an engaged smaller audience than a  
14 detached massive audience, right? And so I can always  
15 tell -- and by the way, they've gotten smart. All the  
16 platforms have gotten smart with this. I can always  
17 tell when people have bought followers and fans and  
18 all that, right? So you can like -- you can go on  
19 like Fiber, you can go on Upwork, you can go on the  
20 different sites, and you can pay -- say, you know,  
21 I'll pay five -- people say, pay me \$500, and I'll get  
22 you, you know, 3,000 likes on your Facebook page. But  
23 it's just like -- it's either -- it's a conglomerate  
24 of just a bunch of fake accounts, or bots or, you  
25 know, just somebody that has a big following, and they



1 say, okay, hey, everybody go like this page now.

2 And so all of the sudden, it's like, boom,  
3 in like five days, you went from 100 followers to, you  
4 know, 3100 followers. Okay, great, yippy-yay, but  
5 your engagement is still nothing because all they did  
6 is just follow or like. They're not going to engage,  
7 they're not going to do anything. So and so still --  
8 it just makes you look good, but you're not going  
9 anywhere. Right? So the idea is to organically  
10 build, even if you have to pay to get sponsored ads  
11 out, but the idea is to get people to like and follow  
12 and share, but engage, engage, engage, okay?

13 And so the engagement, this -- this is where  
14 -- this is what separates the men from the boys when  
15 it comes from -- when it comes down to social media.  
16 Your engagement is all about creating your -- what's  
17 called your brand narrative. Your brand narrative.  
18 This is -- this is the story of your brand. The story  
19 of your company, of your product. It can't just be  
20 about a product, right? It can't just be about, you  
21 know, hey, we've got a great product, click here now  
22 for a 10 percent discount. It can't be that. That's  
23 spamming. People don't -- people don't really care  
24 about that. They want to know -- they want to be --  
25 they want to know the story.

1           So social media is all about story telling.  
2       That's why Facebook is good for memes. It's also good  
3       for live videos and you can post videos, and YouTube  
4       is videos. Instagram is pictures, right? You're able  
5       to tell a story. What's the story behind the brand?  
6       And so it doesn't -- it doesn't necessarily have to be  
7       what's called created content, meaning you're going to  
8       sit down and professionally narrate and create a  
9       video. It could be that, that gets expensive, but it  
10      could also be as simple as what we call microcontent,  
11      which is like you doing short 30, 40, 45-second,  
12      60-second just real live clips of you.

13           Hey, guys, it's Nathan. Hey, I thought you  
14      guys, you know, would want to know, I'm about to get  
15      on the phone with such and such, they're a supplier in  
16      China, and if I can get this, man, I hope we'll be  
17      able to get this product out. We've got some cool  
18      things coming today, too. Kind of like the video  
19      there.

20           Does anybody follow -- let me draw out some  
21      big names, like Gary Vaynerchuk? Does anybody know  
22      who Gary V is? Follow him, social media expert.  
23      Grant Cardone? Anybody? Grant Cardone? Let's see  
24      here, Brian Tracy, Tony Robbins, anybody? Tony  
25      Robbins? Jim Rome, Old Babe, Zig Ziglar? Yeah, some

1 old school people. Robert Kiyosaki, anybody? Okay,  
2 good. John Maxwell? Good.

3 UNIDENTIFIED MALE: (Inaudible).

4 NATHAN ROSSI: Yeah, Tim Ferriss? Anybody  
5 Tim Ferriss? Four-Hour Workweek book. Darren Hardy,  
6 good. Trump or Hillary. You know, follow some of  
7 these people, but what you'll see is, you know,  
8 they're always giving you, you know, snapshots, little  
9 glimpses, little tweets, little picture of them doing  
10 something, a short video clip, right? Microcontent.  
11 So the idea is you don't have to just professionally  
12 create, but just document. Document, document,  
13 document. Document your day. Document what you're  
14 doing. Document what happens to your business. You  
15 know, give updates and things like that.

16 And I'm not talking about, hey, I'm going to  
17 take a shower. Hey, click, look at what I'm eating.  
18 You know, I'm not talking about that. I'm talking  
19 about things that are kind of like creating a  
20 storyline of your business, a storyline of your brand.  
21 Okay?

22 So we want to create valuable -- value-add  
23 content like that, and so here's some things that  
24 could -- here's some ideas that you could create  
25 microcontent with. Number one, best of the best

1 always is humor. Funny is money, right? The number  
2 one -- the number one searched term on YouTube in 2016  
3 was? Funny -- cat videos. Right? It's the funny cat  
4 videos. Right?

5 So people -- people want to -- there is a  
6 value, there is a social media value to humor, right?  
7 People in the social media world value funny content.  
8 They'll watch it. They'll engage with it. They'll  
9 comment on it. They'll share it. You know, they'll  
10 subscribe to it. And so funny is always money. It's  
11 always good. Good engagement pieces.

12 So this is where you could like do some  
13 self-effacing things. You know, things that are  
14 embarrassing to you, things that are out of your  
15 comfort zone, they are just awkward to you, they are  
16 whatever. Funny moments, share funny moments, things  
17 like that. You know, my daughter said to me the other  
18 day, she goes -- she goes, daddy, you smell -- she  
19 goes, you smell like money. And I was like, heck  
20 yeah, you know? I'm thinking, that's right. And she  
21 goes, yeah, because when we went in the bank the other  
22 day and that lady farted, it smelled like money. And  
23 I'm thinking, wait a minute, so did you just say I  
24 smell like money or that I smell like a fart, you  
25 know? I'm like, come on, you know?

1 But the thing is, it's like funny stuff like  
2 that. So if I made a video out of that, you know, if  
3 I made a little short, 30-second video, hey, I thought  
4 this would be funny, blah, blah, blah, blah, right?  
5 Look at this, I just -- this was an Instagram post  
6 that I did the other day. It was one of my other  
7 daughters, but people like --

8 UNIDENTIFIED MALE: I think it's seven.

9 NATHAN ROSSI: What is it?

10 UNIDENTIFIED MALE: Seven-four-seven.

11 NATHAN ROSSI: 747. All right, cool. So  
12 the other day, so I posted -- so these were today.  
13 Look, this is a picture of my daughter here. She's  
14 having so much fun, right? And so the whole post was,  
15 this is my youngest daughter Brinley (phonetic), as  
16 noted, she loves life. Saw this picture this morning,  
17 and my thought was, what happens? How do people go  
18 from this to trudging through life they don't enjoy  
19 and want to escape from? And how do they get back to  
20 that? Right? So all of the sudden, it's a story.  
21 There's a story behind the picture. Right? So now  
22 people are like, oh, well, what's -- well, how do I  
23 get back? You know, how do I go from there, right?

24 So the same thing. Financial education,  
25 right? That you unapologetically use, right? So it's

1 little stories on things. Right? Here's me with Mrs.  
2 Canada, 2018. She just went to South Africa two days  
3 ago. She's competing for Mrs. World, and if she wins  
4 it, she will be the first black woman to ever win Mrs.  
5 World, and she's going to win it, right? Here's Luke  
6 and I, here's my student, here's me and Geezy  
7 (phonetic), right? So the story behind.

8 I had the opportunity to hang out with Geezy  
9 last night at the Cardinals game, talked about 30  
10 minutes. They're in the club seats. I was able to  
11 hear a story where he came from and how he came up.  
12 He wants to be able to get his story out to more  
13 people. We ended our conversation with bouncing ideas  
14 back and forth, doing a motivational bit about  
15 entrepreneurship, money and business. So the story  
16 behind the picture. Right?

17 So you have to begin to tell the story, tell  
18 the story behind your brand. Tell the story behind  
19 the product. People are -- they engage with story  
20 telling. So one of the exercises that I want you to  
21 do, this will really help you, this is the only time  
22 you're going to ever hear these words come out of my  
23 mouth is in this context, okay? What I want you to do  
24 is, I want you to go and watch the news. Okay? Go  
25 and watch the news. And I want you to pick -- I'm not

1 going to pick it for you, but I want you to pick what  
2 you in your mind would consider to be the most liberal  
3 news network and the most conservative news network,  
4 okay? Your choice, I'm not going to tell you.  
5 Those are fighting words.

6 UNIDENTIFIED MALE: I was going to say Fox  
7 Morning or something like that.

8 NATHAN ROSSI: I'm not saying anything, I  
9 don't have a dog in the fight, okay? But here's what  
10 you want to do. Here's your assignment. And this is  
11 all branding, marketing and advertising, and this is  
12 all by creating what we call the brand narrative,  
13 okay? When you watch the news, the exercise, the  
14 assignment is this: I want you to track a breaking  
15 story, so a brand new breaking story, and not just  
16 like some little daily news thing. I'm talking about  
17 like a big story. I want you to track the day that it  
18 breaks. I want you to track that story for 30 days on  
19 both networks. Document, right? Update by update.  
20 What's the commentary? What are they saying? Okay?

21 Because here's what's going to happen: Day  
22 one, boom, story breaks, all right? Liberal,  
23 conservative and you're watching. What are they  
24 saying? What are they saying? Day one is going to  
25 kind of be about the same thing. You're going to hear

1 the same thing.

2 And then day two comes, right? Maybe  
3 liberal news network, oh, well, we've got our panel of  
4 experts here today, and blah, blah, blah, blah, and we  
5 just had an update, you know, such and such did this  
6 and said that. What do you guys think about these  
7 experts? And they say, well, blah, blah, blah, blah,  
8 this is what happened, and that's what this means.  
9 Spin, spin, spin. Right?

10 Meanwhile, over on the conservative side,  
11 they're like, well, we've got our panel of experts  
12 here today and blah, blah, blah, blah, blah, and  
13 we had a shocking update, it can't be this happened.  
14 What does this mean? Well, this happened, and this is  
15 what this means. Spin, spin, spin. So you attach  
16 ideas to events. You create meaning.

17 And so what happens is, at the end of 30  
18 days, you're tracking a breaking story, and you're  
19 sitting there between the two looking at it, like,  
20 what planet are you guys on, right? Like, how did you  
21 get way over here and how did you get way over here?  
22 And the assignment is, I want you to watch how they do  
23 it, because whether you agree with it, don't agree  
24 with it, they are masterful at creating narratives,  
25 story lines, right? And that's what I want you to do



1 with your brand.

2 I want you to do the same exact thing, how  
3 they create a narrative and meaning and create emotion  
4 and drive a story, a topic in a certain direction,  
5 that's what you need to do with your brand. What's  
6 the narrative of your story, right? What's the story  
7 line? What's the emotion? What's the meaning of  
8 these things? Right?

9 So let me give you an example. I came up  
10 with this just recently, but it's a really good  
11 example. So let's say that you were selling an  
12 orthopedic dog bed. Yeah, they have such a thing.  
13 It's an orthopedic dog bed. So what type of dog would  
14 need an orthopedic dog bed? An old dog that has,  
15 like, some arthritis, right?

16 So here it is, right? Here's an example of  
17 a video that would begin to craft a narrative. So  
18 imagine, picture and imagine that you are -- the video  
19 opens, and it's in a -- it's in a house, quiet,  
20 totally silent, no noise, and you see this old like  
21 golden retriever, a little bit of gray and everything,  
22 and it's laying on tile, a tile floor, right?

23 Off to the right of the screen, there's a  
24 window that you can kind of see outside into the front  
25 yard and the driveway. And so as you're sitting there

1 watching the dog and the dog is just laying there just  
2 kind of doing nothing, all of the sudden you see  
3 headlights pull up into the driveway, and the lights  
4 kind of shine across, come into the window and shine  
5 across the room, and you see the dog -- camera is  
6 still on the dog -- you see the dog get up, but kind  
7 of struggles to get up, right? Getting off this hard  
8 tile, cold floor, right? Getting up.

9 And it kind of makes its way, tail's  
10 wagging, but it's moving real slow getting over to the  
11 window, and it's going to the window, looks out, back  
12 and forth to the door, to the window, to the door, all  
13 excited. All of the sudden the door opens, and the  
14 owner comes in, hey, buddy, how are you, you know?  
15 It's like this real tender moment between the dog and  
16 its owner, its companion, right? Dog's best friend --  
17 man's best friend. Hey, how are you? How was your  
18 day? Blah, blah, blah. And so the dog is just happy.  
19 It's delighted.

20 Well, the video cuts -- fast forwards to  
21 later on that night. Now it's dark outside, and the  
22 dog owner is getting ready to go upstairs for the  
23 night, right? Getting ready to turn off the lights.  
24 As he's turning the corner, he looks over, gives a  
25 cheesy smile, and sees the dog lay not on the hard

1 floor, but now the dog is passed out enjoying the  
2 orthopedic dog bed, right? A smile of satisfaction,  
3 you know. Looking at the dog.

4 And then Morgan Freeman comes on, right?  
5 And Morgan Freeman comes on and says something like  
6 this: It's more than just a dog bed, it's  
7 companionship. Right? It's more than just a dog bed  
8 -- or how about this: Friends don't let friends sleep  
9 on the floor. Right? Something like that, you know?  
10 And so right in the height of that moment, right, it's  
11 a narrative, it's a story line, it's the customer sees  
12 themselves in this position. Right in the height of  
13 that moment of satisfaction and emotional moment,  
14 right there, boom, click here now for a 10 percent  
15 discount, right? And so that's the narrative. You're  
16 creating a story line behind it, right?

17 And so there's a lot of different elements  
18 in there, right? It's like, you know, friends don't  
19 let friends sleep on the floor, or it's more than just  
20 a dog bed, it's companionship. So you're appealing to  
21 the relationship, not just some impulse buy of the dog  
22 bed. So it also kind of says, hey, don't be a  
23 schmuck, get your dog the dog bed, you know? Don't be  
24 a bad dog owner, you know?

25 And so you're like, now I have to get the

1 dog bed. And so it's -- you're creating the  
2 narrative, the story behind the product. It can't  
3 just be the product. And that's how you start to  
4 build brand awareness and a following, an engagement.  
5 And so the rule of thumb is this -- write this down --  
6 the rule of thumb is this: For every solicitation,  
7 post, click here, buy now, for every solicitation  
8 post, we need to add ten content or value-add posts  
9 that have nothing to do with it, that's just adding  
10 content.

11 Did you know that one out of three dogs in  
12 America end up with arthritis, blah, blah, blah, blah?  
13 Fun fact, you know, if you're selling a dog bed, maybe  
14 a funny dog videos, you know, or something like that.  
15 You could do update posts. You could do live videos,  
16 you know, showing you and -- hey, blah, blah, blah,  
17 whatever it is. All kinds of just value-add posts,  
18 but only one out of every ten needs to be a  
19 solicitation.

20 UNIDENTIFIED MALE: So repeat what you said.  
21 For every solicitation?

22 NATHAN ROSSI: There needs to be ten content  
23 or value-add posts.

24 UNIDENTIFIED MALE: (Inaudible).

25 NATHAN ROSSI: Right, click here.

1 UNIDENTIFIED MALE: (Inaudible).

2 NATHAN ROSSI: Facebook, Instagram.

3 UNIDENTIFIED MALE: (Inaudible).

4 NATHAN ROSSI: Questions?

5 UNIDENTIFIED MALE: Like your idea of that  
6 -- (inaudible).

7 NATHAN ROSSI: (Inaudible).

8 UNIDENTIFIED MALE: (Inaudible).

9 UNIDENTIFIED MALE: (Inaudible).

10 NATHAN ROSSI: You do like motivational  
11 stuff, product sequence shots, the dogs. So -- there  
12 he is.

13 (Background conversations.)

14 NATHAN ROSSI: Yes. So who's Gary  
15 Vaynerchuk? He's probably one of the top marketers on  
16 Planet Earth right now. And so he's just like, you  
17 know, these are all short videos, little interview  
18 clips. Wait a minute, 646,000 plays, 2409 comments,  
19 right? And he's not soliciting. He has all kinds of  
20 courses, he has all types of events and speeches and  
21 videos and books and everything, but it's like you  
22 don't really see much click here, buy now, right?  
23 It's just content, content, content, content, right?  
24 So he's adding so much value.

25 It's kind of like the negotiation, right?

1 Add so much value to your audience that they just --  
2 that they come and say, I want to buy something, I  
3 want to -- you know, engage with you and to do  
4 business with you. Good.

5 All right. I'm empty. So, first of all,  
6 give yourself a round of applause, you've completed  
7 our basic training.

8 (Applause.)

9 NATHAN ROSSI: So from here, what we're  
10 going to do is, we're going to close down the  
11 workshop. If you've got any other questions, by all  
12 means, ask me or one of the coaches, so -- when we get  
13 down here. For all new students, we're going to take  
14 about a ten-minute break, and then we are going to be  
15 right back in here for our orientation. Orientation  
16 shouldn't be any longer than about 15 or 20 minutes  
17 max, but I'm going to give you your action plan and  
18 contact info, all the good stuff.

19 If you have any questions on any of the  
20 material, you obviously have your videos, your members  
21 area that you got when you came here. You have your  
22 workbook and your notes, all that kind of good stuff.  
23 So before we close out, yes?

24 UNIDENTIFIED MALE: Yeah, (inaudible).

25 NATHAN ROSSI: In your members area. You

1 log into the members area, which you got when you came  
2 here. When you log in there, you will see a whole  
3 list of suppliers and vendors that we have for you.  
4 But it's in the members area.

5 UNIDENTIFIED MALE: (Inaudible).

6 NATHAN ROSSI: Just for when you came here,  
7 when you enrolled here, you got a user name and a  
8 password for the members area. A lot of that stuff is  
9 in there. Yep.

10 UNIDENTIFIED WOMAN: (Inaudible).

11 NATHAN ROSSI: It would have been emailed to  
12 you.

13 UNIDENTIFIED MALE: (Inaudible).

14 NATHAN ROSSI: If you didn't get your  
15 members area or anything like that, let Eric know.  
16 Before you go on, make sure you get that. Other than  
17 that, new students, congratulations. If you, for  
18 whatever reason, were not moving forward, best of  
19 luck. (Inaudible) Sun shine brightly upon your face,  
20 I hope to see you down the road, and with that being  
21 said, thank you very much. We are class dismissed.

22 (Applause.)

23 NATHAN ROSSI: All right, new students, ten  
24 minutes, back in your seats here.

25 (Music playing.)

1 (Background conversations.)

2 MR. TYNDALL: Oh, hi. So, my mom told me to  
3 think about it.

4 UNIDENTIFIED MALE: Okay.

5 MR. TYNDALL: She wants to meet with me this  
6 evening.

7 UNIDENTIFIED MALE: Sure.

8 MR. TYNDALL: Is there any way I can,  
9 like --

10 UNIDENTIFIED MALE: You can. You can just  
11 call that number. The prices are going to be  
12 different, since this kind of price is only for up  
13 'til now.

14 MR. TYNDALL: Okay.

15 UNIDENTIFIED MALE: Another thing is that I  
16 was thinking is instead of getting that gold for  
17 \$10,000.

18 MR. TYNDALL: Yeah.

19 UNIDENTIFIED MALE: I think it would be more  
20 beneficial maybe for you.

21 MR. TYNDALL: Okay.

22 UNIDENTIFIED MALE: Instead is buying that  
23 software.

24 MR. TYNDALL: Okay.

25 UNIDENTIFIED MALE: The software is only



1       \$5,000.

2               MR. TYNDALL: Okay.

3               UNIDENTIFIED MALE: But in that kind of  
4       sense, in case that it's something that creates some  
5       kind of cash flow for you.

6               MR. TYNDALL: Okay.

7               UNIDENTIFIED MALE: Right now.

8               MR. TYNDALL: Okay. But I mean, it's the --

9               UNIDENTIFIED MALE: The software is  
10      available only now.

11              MR. TYNDALL: Oh, yeah? Well so what --  
12      what does it -- what do I get with that?

13              UNIDENTIFIED MALE: Remember that software,  
14      that arbitrage, that online arbitrage software where  
15      you can pull up the website?

16              MR. TYNDALL: Yeah.

17              UNIDENTIFIED MALE: And then you get the  
18      spreadsheet that gives you all the, you know, what  
19      discounts there is, and, you know, how much it would  
20      cost to ship it and then whether you would make a  
21      profit and stuff like that.

22              MR. TYNDALL: Okay. And you think I could  
23      start making a little bit of money with that?

24              UNIDENTIFIED MALE: Well, yeah, I mean,  
25      that's the easiest way for you to start it.

1 MR. TYNDALL: Okay.

2 UNIDENTIFIED MALE: It's not going to build  
3 you six figures a year.

4 MR. TYNDALL: Okay.

5 UNIDENTIFIED MALE: It could if you work it.  
6 You can create pretty good cash flow, for sure.

7 MR. TYNDALL: Oh, yeah? Okay. So that's  
8 \$5,000? Okay. And then I could have that either --

9 UNIDENTIFIED MALE: Okay.

10 MR. TYNDALL: I mean, can I get back to you  
11 like tonight, or --

12 UNIDENTIFIED MALE: Sure. Yeah, I can give  
13 you my phone number, yeah.

14 MR. TYNDALL: Yeah, yeah.

15 UNIDENTIFIED MALE: And then you can just  
16 text me, whatever.

17 MR. TYNDALL: Okay. What's your --

18 UNIDENTIFIED MALE: It's 813 --

19 MR. TYNDALL: 813 --

20 UNIDENTIFIED MALE: 400 --

21 MR. TYNDALL: 400 --

22 UNIDENTIFIED MALE: 34 --

23 MR. TYNDALL: 34 --

24 UNIDENTIFIED MALE: 30.

25 MR. TYNDALL: 30.

1 UNIDENTIFIED MALE: Eddie.

2 MR. TYNDALL: Eddie. Is that two Ds? Like  
3 that?

4 UNIDENTIFIED MALE: Um-hmm. E D D I E.

5 MR. TYNDALL: Okay.

6 UNIDENTIFIED MALE: Yeah, sure.

7 MR. TYNDALL: Okay.

8 UNIDENTIFIED MALE: So see how it goes. If  
9 not, that's fine.

10 MR. TYNDALL: Okay.

11 UNIDENTIFIED MALE: All the best to you.

12 MR. TYNDALL: Okay. I'll give you a call.

13 UNIDENTIFIED MALE: Sure.

14 MR. TYNDALL: I'm going to meet with my mom.

15 UNIDENTIFIED MALE: Sure, yeah, yeah,  
16 absolutely.

17 MR. TYNDALL: Okay. Okay. Thank you.

18 (The recording was concluded.)  
19  
20  
21  
22  
23  
24  
25

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